

SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS, MAY 25, 2011

Agenda Items without Formal Action

Item	Follow-up Actions
Management Report	No follow-up activities
Salmon Recovery Management Reports	Staff should pull back funds and terminate the contract for the Bear River estuary. RCO will hold funds for the project for future. By August, staff should complete an audit of public engagement process for this project.
Reports from Partners	No follow-up activities
Budget Update	No follow-up activities

Agenda Items with Formal Action

Item	Formal Action	Follow-up Actions
Minutes	APPROVED as presented	No follow-up activities
Recognizing the Service of Phil Miller	APPROVED a resolution recognizing the service of Phil Miller	No follow-up activities
Recognizing the Service of Ken Dzinbal	APPROVED a resolution recognizing the service of Ken Dzinbal	No follow-up activities
Funding Allocation Decisions	APPROVED status quo capacity funding for two years, changes to the capacity allocation, a target grant round of \$18 million for 2011, and \$750,000 for cost increases.	RCO/GSRO staff and director to implement funding allocation decision, including contracts for lead entities and regions. GSRO to report on Puget Sound Steelhead allocation to lead entities and contract deliverables (<i>December</i>)
Monitoring Contract Approval: Intensively Monitored Watersheds	APPROVED \$1.47 million and extension for the IMW contract, pending availability of PCSRF funds for FFY 2011.	RCO staff and director to implement funding and extension.

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: May 25, 2011

Place: Room 172, Natural Resources Building, Olympia, WA

It is intended that this summary be used with the notebook provided in advance of the meeting. A recording is retained by RCO as the formal record of meeting.

Salmon Recovery Funding Board Members Present:

Bud Hover, Chair	Okanogan County	Melissa Gildersleeve	Department of Ecology
David Troutt	DuPont	Sara LaBorde	Department of Fish and Wildlife
Harry Barber	Washougal	Carol Smith	Conservation Commission
Josh Brown	Kitsap County	Mike Barber	Department of Transportation
		Craig Partridge	Department of Natural Resources

Opening and Welcome

Chair Bud Hover called the meeting to order at 9:04 a.m. and a quorum was determined. The chair introduced new member Josh Brown of Kitsap County.

Josh Brown moved to adopt the agenda.

Seconded by: David Troutt

Motion: APPROVED

David Troutt moved to adopt the March minutes.

Seconded by: Harry Barber

Motion: APPROVED

Management and Partner Reports

Management Status Report

Director's Report: RCO Director Kaleen Cottingham noted that, through the work of the Salmon Recovery Funding Board (board), the agency was recognized by the Nisqually Land Trust. She asked if there were any questions about the fiscal report, and noted that the bulk of uncommitted funds are related to hatchery projects.

Legislative and Budget Update: Steve McLellan noted the current budget situation, and that it still appeared that it would be approved today. He discussed the following legislative issues:

- The boards and commissions bill passed; this board was removed from the list of those being eliminated.

- The natural resources consolidation bill was revived. It's unclear whether it will pass, but most of the cuts were included in the budget that is expected to pass. The RCO's existing work with the PSP meets the intent of the law.
- The Discover Pass bill was passed and signed by the Governor.
- The bill to consolidate the hydraulics and forest practices permits and restructure fees did not pass, and therefore the budgets include significant cuts to both programs.
- On habitat and critical areas issues on agricultural lands, the conservation commission will be seeking federal funding to implement the Ruckelshaus Center's facilitated legislation.

The board had no questions on the policy report or performance management reports.

Salmon Recovery Management Reports

Governor's Salmon Recovery Office: Phil Miller, Executive Coordinator, highlighted personnel changes in the section, noting that they intend to fill the vacant science position, pending budget results, as well as his position after he retires in June. He and Jennifer Johnson then addressed work being done for future State of Salmon reports. Jennifer noted that they are working on tracking and reporting data in general, and that they need a reporting system that interfaces with existing systems and is more representative of what is happening at the regional level. They are looking at a number of technical and process solutions to provide better consistency in data and messaging. Phil noted that they have a vision of where they would like to be, but that it will take more than one cycle to get there.

Member H. Barber reminded them to look at wild versus hatchery fish. Member Troutt suggested that if there's a region that is ahead of the rest, they should present the information; GSRO should not wait for the report to be "perfect".

Chair Hover thanked Phil for his work, noting his key role in the Upper Columbia. The chair also thanked David Troutt for his participation at a recent WIR conference that addressed issues related to the Endangered Species Act.

Monitoring: Ken Dzinbal noted that the Washington Forum on Monitoring sunsets on June 30, and that they are wrapping up the last items, as described in the staff memo. The board will get advice on board-funded monitoring programs from the GSRO in the future. Chair Hover thanked him for his work, noting that monitoring is critical to presenting the case for salmon recovery.

Grant Management: Grant managers Tara Galuska and Mike Ramsey highlighted five projects of interest: Minkler Lake Acquisition (02-1620A); Squaxin Island Pier and Bulkhead Removal (10-1781); North Fork Little Hoquiam Dam Removal (07-1747R); Strawberry Plant Restoration Construction (08-1971); and South Fork Skokomish Large Woody Debris (06-2302R and 07-1657R). Board members expressed pleasure with the outcomes of the projects.

Salmon Section Manager Brian Abbott recapped the project conference, noting the strong attendance and final costs. TVW recorded portions of the conference, and they are now streamed to the web. All of the session presentations also are available online. The conference evaluation is underway, and staff will provide the results to the board. Chair Hover and David Troutt noted that it was a good conference and complimented staff efforts.

Bear River Estuary: Brian Abbott and Kat Moore provided a short briefing on the Bear River Estuary project, including the project background, location, and the Environmental Impact Statement for the larger plan and project. Director Cottingham noted that all of the public comment was available online, and distributed a printed copy to board members for reference. Abbott reviewed the major themes of the comments opposing and promoting the project. Moore provided a map and described the portions of the project that would be performed under the board grant, noting that it does not fund the Riekkola Unit.

In response to a question from Chair Hover, Abbott confirmed that the board provided \$55,000 for the design of two fish ladders in 2000. The ladders are in need of repair, and would be removed under the new grant. Member Troutt asked when the Comprehensive Conservation Plan (CCP) would be finalized. Moore noted that the plan is final but that they have not yet selected an option. Member LaBorde asked if the current design leaves the Riekkola Unit completely protected. Moore responded that the design removes the unit, but the current grant funding does not include construction on that unit.

Member Barber asked if it reestablishes estuary function in the entire area, and what the benefits are to fish in terms of productivity. Moore responded that about 500 of the 760 acres would be restored with the current grant. Charlie Stenvall, Refuge Manager with the USFWS, was invited to the table to respond, and stated that this is project promotes foraging, not spawning habitat.

Chair Hover noted that he has concerns on many levels. The board relies on the local process, including citizen and technical reviews. This project got through with high marks, but he is concerned that the USFWS gave tacit approval without having completed their process. Doing so may have corrupted the process by appearing to have pre-selected one of three options.

Chair Hover asked Charlie Stenvall to answer board questions. Member Brown asked for an overview of the Environment Impact Statement (EIS) alternatives. Stenvall described the three options: no action; remove all three dikes; and remove only two of the dikes (leaving the Riekkola dike in place). There are two separate processes: the board's process and the USFWS's CPP process. The latter began in 2008, and it is about a year behind schedule. They are looking at a variety of funding sources, but they are not moving forward until the decision is made.

Member H. Barber asked him to point out the hunting areas on the map. Stenvall pointed out the regulated areas for duck and goose hunting. The areas are required under the Migratory Bird Conservation Act and Duck Stamp Act, but the acts do not specify management activity. The area will be open to hunting after the dike is removed. Member Troutt noted that the Nisqually Refuge also used Duck Stamp money, and restored the estuary.

General Public Comment

Jon Kaino, Pacific County Commissioner stated that they had submitted a letter asking for defunding. He does not want to argue the merit of the project, only the process, which he believes did not meet statutory intent of the public involvement and comment periods. The county takes responsibility for the problem, and is working to fix it. Further, the project proposal was erroneous, stating that the USFWS had completed the CCP update and that the landowner had agreed to remove the dikes. On the date the application was submitted, the process was just beginning. There is compelling evidence

that the integrity of the local process is in question. Mr. Kaino provided copies of his comments to the board, along with a copy of the application.

Key McMurry, Key Environmental Solutions, indicated that she would submit comments in writing. She noted her background in salmon recovery and board-funded projects. She believes that there is a vocal minority opposing the project. She stated that the Bear River estuary project, which is option two in the CCP, is the best option. She believes that the opposition is not based in science and encouraged the board to consider recent studies. McMurry concluded by saying that the process had integrity.

John Arrabito, Washington Waterfowl Association, read the project proposal's response to a question about community contact, noting that recreational groups who use the area for waterfowl hunting were not contacted. He stated that since the area is primarily funded from duck stamp funds, and they should have been notified. He stated that his group did not speak out against the project before now because they were not notified. He also noted that there is no gravel for spawning, only a mudflat, and that he has not heard before now that the project was not intended to provide spawning habitat. Ducks and endangered geese will not be able to survive in saltwater.

Steve Gray, citizen, distributed a handout for the record. He reiterated the comment that there is no gravel behind the dikes or in the streams for spawning habitat. He attended one meeting in 2008, and stated that all public members who were there opposed the project. He fully supports salmon recovery, but does not think this is a good salmon project.

Kerby Couch, citizen, stated that he fishes and hunts, and is opposed to the project. He believes that the only people supporting the project are those who are going to benefit financially. He reiterated the comments that (1) the meeting in 2008 yielded only opposition and (2) there was no outreach to recreational users. He acknowledged that there is peer-reviewed scientific data, but that the application excluded any data that contradicted the assumptions. He referred to other studies, and said that the creeks do not support salmon. He provided written comments for the record.

Ed Bowen, citizen, stated that his comments are not limited to Bear River, and that he wanted to comment on public outreach along the coast. He believes there needs to be more outreach to the public at all stages. He suggested that there needs to be more involvement of citizen science and that the board should direct the regional organization to include more outreach in the recovery plan.

John McAninch, citizen, believes that as a state agency, the board needs to implement projects that benefit citizens overall. Many citizens were not notified, and he asked the board to review how it could fix that. He noted that there is no projected benefit in terms of numbers of salmon for this project or others, stating that there are counts after restorations, but not before. He noted the Nisqually refuge as an example. This is a violation of the original intent of the refuge and its primary funding source. He believes the statements by the sponsors are misrepresentations. He also questioned the award of a contract prior to the close of public comment and permitting.

Dick Jenson, citizen, referenced the Nisqually project, and noted that there were thousands of geese before the restoration. He stated that there was no benefit to salmon by creating an estuary. He reported that people can no longer use the refuge.

Ron Craig, project sponsor, stated that he was not doing this for monetary benefit and did not lie in his application. On this project, they invited the county to sit in on the design, so they knew what the plan was. The sponsor submitted all of the required county applications, even though it is federal land, in case they had a question. Craig's group asked the county if they wanted to do joint public meetings and the county said no. They contacted the landowners about where the tide would come in, and worked with them to let them know what would happen. Chair Hover asked why the public pushback was just happening now. Craig responded that some of the speakers knew about it in 2008 and he could only guess that the hunters just recently realized which areas would be flooded. He conceded that the outreach to the groups was done by the refuge, not the sponsor.

Mike Johnson, lead entity coordinator, stated that Ducks Unlimited is on the citizen committee, and that they were asked to meet with their peer groups. They have a month and a half to review before evaluation.

Board Discussion

Member H. Barber asked about the difference between this project and the one they saw at Willapa Bay, which also involved dike removal. Director Cottingham noted that it also was difficult to get approval for that project, and Brian Abbott noted that a key difference is tidal levels. A member of the audience noted that they didn't know about that project in time to voice their opposition, but that seeing the effect motivated them to pay attention to this project.

Member Troutt noted that the board needs to assess the local outreach and whether it works. He does not question the fish benefits of the project, noting that it scored well. He noted that the project is conditioned not to proceed until the CCP is completed and permits issued. In his opinion, the board needs to be clear that funds are not available for the project until the CCP is completed and permits are in place. Member Troutt noted that this is a rare and unique situation, but that the board needs to figure out what happened to cause the process failure.

Chair Hover noted concern that this project got in front of the CCP process, and that situation – funding in place for a specific option – places the integrity of the CCP process in question. He wants to protect the integrity of the board process. He doesn't think that the sponsor intended to be dishonest, but could see how there would be a perception that one option was a foregone conclusion. Further, there could have been misinformation as the process was moved forward.

Member H. Barber noted that over 60 percent of estuary function has been lost in Willapa Bay, and that it is a concern. He thinks the procedural concerns are real. He thinks there is a real issue that the board and staff need to address – ducks versus fish.

Member Smith suggested that they need to separate the project footprint from the USFWS project footprint because the impacts will be different. She suspects that the sensitivities regarding the Riekkola unit might be different from the whole unit.

Member LaBorde concurred that there is a technical side and a public process side; like the other members, she agrees with the technical side, but that they need to know what happened on the public process side.

Member Troutt suggested pulling back the funds, terminating the contract, holding the funds in abeyance, having a staff audit of the process, and then deciding how to proceed at the next meeting.

Member Brown concurred. Member H. Barber asked if there was any liability associated with this action. Director Cottingham noted that the contract allows such a termination.

Member Troutt moved to pull back funds, terminate the contract, hold the funds for the future for this project, have staff audit the public engagement process, and make a decision on the whether to reissue a contract after there are assurances about the public process that protect the integrity of the SRFB process. Brown seconded.

Motion APPROVED

Partner Reports

Council of Regions Report: Jeff Breckel, Lower Columbia Fish Recovery Board referenced the funding report and suggested that they all should be using the report to think about long-term funding issues. They are trying to think about how to set priorities and implement the plans across the state and regions.

Lead Entity Advisory Group Report: Barbara Rosenkotter presented the LEAG report, thanking staff for the project conference. She noted the PRISM and Habitat Work Schedule interface is in use, and they are looking forward to building on it in the future. She referenced the board's discussion about Bear River, and said that these issues should be resolved at the local level. She suggested that the board not "tinker" with it too much.

Regional Fisheries Enhancement Groups (RFEs): Lance Winecka, Executive Director of the South Puget Sound RFE, presented on behalf of the 14 RFEs, noted that they are continually learning how to improve public outreach. He noted the work of the RFEs and their monitoring results, as described in the materials provided in the notebooks (item 3C).

State Agency Partners

Sara Laborde, Department of Fish and Wildlife, noted that the habitat program budget was hit hard. For our August meeting, she will brief the board on their efforts to work with local partners to develop the size and scope of permit streamlining. She also noted that they will soon have a beta version of a hatchery and harvest component in Habitat Work Schedule.

Carol Smith, Conservation Commission, thinks that the challenges ahead from the budget will be similar to what they've experienced in this biennium. They may merge some districts. She noted that they have a new voluntary stewardship program. Counties can opt in to deal with critical areas ordinances on agricultural land. They will seek federal funding for the program.

Mike Barber, Department of Transportation, noted that they have eight fish-related projects moving ahead this summer. DOT anticipates a large reduction in transportation projects in the future, and this will affect opportunities for fish passage and mitigation projects. However, they are getting an increase in the dedicated funding for fish passage program and chronic environmental deficiencies.

Craig Partridge, Department of Natural Resources, reiterated that the budget will be a hit. Based on legislation from a previous session, they are evaluating methods of incentivizing working forest landowners to stay with forestry, in particular ecosystem service markets. They also want to do some work on watershed service markets, based on feedback from stakeholders.

Melissa Gildersleeve, Ecology, said they would be taking a big cut in the water resources program. Watershed planning work also is cut back to key watersheds.

Budget Update

Steve McLellan noted that the Senate still has to pass the operating budget, but that RCO will have about a 5 percent cut. The overall capital budget is down, but salmon-related bond programs were funded at the level requested in the Governor's budget. PSAR and ESRP have restrictions on state agency acquisitions.

On the federal budget, he noted that the level of the Pacific Coastal Salmon Recovery Fund (PCSRF) award would be lower than anticipated. For fiscal year 2012, there is no clear indication of what the level will be. There are still many contingencies.

Board Decisions

The board took action on four topics, as follows.

Recognition of Service for GSRO Executive Coordinator Phil Miller

The board and audience members recognized the service of Phil Miller, who will retire from state service in June.

Josh Brown moved to adopt Resolution 2011-02 to recognize the service of Phil Miller.

Seconded by: David Troutt

Motion: APPROVED

Recognition of Service for Monitoring Forum Executive Coordinator Ken Dzinbal

The board recognized the service of Ken Dzinbal, who will leave the RCO after the Forum sunsets in June 2011.

David Troutt moved to adopt Resolution 2011-03 to recognize the service of Ken Dzinbal.

Seconded by: Josh Brown

Motion: APPROVED

Funding Allocation Decisions

Megan Duffy presented the board's funding framework and historical funding.

Phil Miller then provided information about the draft scopes of work for the lead entity and regional contracts in 2011-13. He proposed base funding levels for the contracts and changes to the distribution of funds; regions would receive about \$5.5 million for the biennium, while lead entities would receive about \$3.3 million. Finally, he proposed two additional items for the scopes of work, and suggested that they be paid for with returned funds. Board members asked about the need, responsibility, and timeline for the Puget Sound steelhead plan. Rebecca Ponzio, from the Puget Sound Partnership, stated that they do not yet know the details of how the plan will be developed; they will work with NOAA, lead entities, and the Puget Sound Recovery Council to determine details of work by Puget Sound lead entities and more specific timing of work products to support

development of the steelhead recovery plan. After NOAA finishes their population identification, the funds would go to the lead entities for local processes to connect the watershed information to the plan; the actual deliverables will vary.

Megan Duffy then provided a series of funding scenarios for board consideration. She noted that the funds available from the Pacific Coastal Salmon Recovery Fund (PCSRF) are likely to be lower for fiscal year 2011 than anticipated in the memo, and that the charts in the presentation reflected that change. This would mean \$2.575 million for monitoring and (potentially) \$16 million for projects and capacity. Otherwise, presentations and funding tables were consistent with the memos 5A, 5B, and 5C.

Comments from Regions and Lead Entities

Jeff Breckel and Alex Conley presented the perspective of the regional organizations as described in a position paper that they distributed. Breckel stated that the regions encouraged the board to approve a contract, scope of work, and funding for capacity to cover two years. They believe that one-year contracts do not give incentives to look for savings and efficiencies because there is no guarantee that the funds would help offset potential reductions in the second year. Conley noted that the risk of larger cuts in year two is manageable with future returned funds, revisiting the allocation to monitoring, savings, or other funding sources.

Barbara Rosenkotter supported the position paper presented by the regional organizations and presented the perspective of the lead entities, noting that none of the work gets done without the local efforts. Some lead entities are barely hanging on with the currently available funding; many are at a critical juncture where cuts would mean the loss of lead entities. This is especially true in Puget Sound, where the PSAR capacity has been cut. Without capacity, there are no projects. She acknowledged that big hits in year two would require creative solutions, but says it is preferable to have an additional year of full funding.

Public Comment

Ed Bowen, citizen and member of the Lake Ozette Steering Committee, stated that the board funds are their lifeblood. About \$1800 of the last allocation went to public outreach, and they are working to improve it. He would like GSRO to ask what the local groups need and help leverage multiple funding partners. He suggested that the board think about setting aside funding just for sockeye recovery and that returned funds go to a short list of projects for sockeye recovery, subject to board approval.

Jeff Breckel, Lower Columbia Fish Recovery Board, spoke about the Lower Columbia monitoring funds in the PCSRF budget. He suggested that it would have been useful to involve the region regarding tradeoffs, because it is the most critical monitoring priority in the region. He said that they should look at the overall monitoring funds related to PCSRF; he thinks that fish in/fish out is more important than intensively monitored watersheds.

Board Discussion

Member H. Barber asked about the expectations for the Lower Columbia monitoring. Member LaBorde responded that they were clear with NOAA that it could be continued only at \$27.5 million or more. It's very important to NOAA and it is critical monitoring. Megan noted that the state assumed that if NOAA wanted funding for the monitoring, it would be in addition to the \$25.75 million in funding.

Member Smith noted that it was important to preserve capacity, and suggested that the board maintain the status quo.

Member H. Barber noted that projects also involve people, because they are often done by RFEs. Member Troutt noted that the lead entities are not fully funded under the current system. He believes that capacity is more important than projects because the lead entities would find other project funds.

David Troutt moved to maintain status quo capacity for two years. Josh Brown seconded. Motion passed 3-1. Barber opposed.

Based on that decision, Duffy presented a new approach (Approach C), which includes the status quo capacity funding for two years, changes to the capacity allocation as requested, a target grant round of \$18 million for 2011, and a minimum of \$750,000 for cost increases in projects.

David Troutt moved to approve the 2011 Fund Allocation, Approach C as presented on May 25, 2011.

- **Fund regional organizations and lead entities up to \$8,863,110 for state biennium 2011-13.**
- **The funding for regional organizations and lead entities will be distributed consistent with the 09-11 biennial distribution, except that \$200,000 from the Puget Sound Partnership regional grant shall be moved to the Puget Sound lead entities, and \$20,000 from the Foster Creek Lead Entity shall be moved to the North Pacific Coast Lead Entity.**
- **Set a target 2011 grant round amount of \$18 million.**
- **Set aside a minimum of \$750,000 for cost increases in projects.**

Seconded by: Josh Brown

Motion: APPROVED

David Troutt moved to adopt Proposal 1 and 2 (allocate up to \$250,000 for awards to Puget Sound lead entities for reviewing and developing elements of a Puget Sound Steelhead recovery plan and to allocate \$20,000 through the Washington Coast regional grant to support local facilitation and outreach for implementation of the Lake Ozette Sockeye Recovery Plan).

Seconded by: Josh Brown

Motion: Approved

Board members expressed concern that the funding request for the Puget Sound Steelhead recovery plan did not include specific deliverables. Phil Miller agreed to provide an update on the funding allocation and deliverables in the December GSRO report.

Funding for Intensively Monitored Watersheds

Ken Dzinbal presented background information on the Intensively Monitored Watersheds program, noting that it is integral to recovery program. It has been supported with about \$1.4 million annually from PCSRF for many years. The grant contract expires in June, so the request is for the board to again delegate authority to the director to extend the contract, and fund it when PCSRF funds become available.

Member Troutt asked Dzinbal to respond to Jeff Breckel's comment about preference for fish in/fish out over IMW in the Lower Columbia. Dzinbal invited Bill Ehinger, Department of Ecology, to the table

to respond. Ehinger responded that the former indicates the number of fish, while the latter tries to explain the “why” behind the numbers and whether the projects are effective. Dzinbal noted that some of the IMW effort includes some fish in/fish out work. Ehinger reviewed the reasons for setting up the IMWs, and stated that how one compares the two types of monitoring depends on which question the board wants to answer.

Member Troutt also would like to know what it would take to create a fall Chinook IMW, and expressed frustration that they have not been able to get that information for him. Dzinbal responded that they did additional work on the question, and found that experts had believed that answering questions about Chinook would take a different approach than an IMW. Developing the ideas of those experts into a proposal was delayed by funding availability, but it is still worth pursuing.

Member Troutt suggested that monitoring funds be given to the regions to award to their local priorities. Member Partridge noted that NOAA would not look favorably on that approach. Director Cottingham reminded the board that they used that approach in the past, but changed it so that they could do monitoring holistically. She also noted that the new GSRO position would be working with the regions on monitoring. Director Cottingham also reminded the board that their framework for monitoring was set up a few years ago and was reviewed by the Forum in 2010. This recommendation is consistent with that framework.

David Troutt moved to authorize the Director to approve up to \$1,467,000 for one year of IMW monitoring, through June 2012, pending receipt of 2011 PCSRF funds.

Seconded by: Harry Barber

Motion: APPROVED

Public Comment

Steve Martin, Snake River Region, provided information about steelhead and Chinook IMW in the Snake River Region, which is funded through PCSRF. There is exciting information and results coming from these IMWs, and suggested that it be a topic at an upcoming meeting.

Alex Conley, Mid-Columbia Region, suggested that the board should have a discussion about monitoring priorities in a post-Forum world. The regions have recovery plans, and the monitoring program should be consistent with them.

Final Comments

Director Cottingham reminded the board that the next meeting would be August 31 and September 1 at the DNR office in Ellensburg.

Meeting adjourned at 3:30 p.m.

Approved by:

Bud Hover, Chair

Date