WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

PROPOSED
Salmon Recovery Funding Board Meeting Agenda

August 23, 2012
Natural Resources Building, Room 172, Olympia, WA 98504

Time: Opening sessions will begin as shown; all other times are approximate.

Order of Presentation:
In general, each agenda item will include a presentation, followed by board discussion and then public comment. The board makes decisions following the public comment portion of the agenda item.

Public Comment:
If you wish to comment at a meeting, please fill out a comment card and provide it to staff. Please be sure to note on the card if you are speaking about a particular agenda topic. Comments about agenda topics are taken when the topic is presented and discussed. The chair will call you to the front at the appropriate time.

You also may submit written comments to the Board by mailing them to the RCO, attn: Rebecca Connolly, Board Liaison at the address above or at rebecca.connolly@rco.wa.gov.

Special Accommodations:
If you need special accommodations to participate in this meeting, please notify us by August 9, 2012 at 360/902-3086 or TDD 360/902-1996.

Thursday, August 23

OPENING AND WELCOME

9:00 a.m. **Call to Order** *Chair*
- Determination of Quorum
- Review and Approve Agenda **(Decision)**
- Approve June 2012 Meeting Minutes **(Decision)**

General Public Comment: For topics not on the agenda. Please limit comments to three minutes.

BRIEFINGS

9:05 a.m. **1. Budget Overview**
- Federal Budget: Update on Pacific Coastal Salmon Recovery Fund *Megan Duffy*
  - Potential effect on the timing of 2013-15 capacity funding and the need to move to capacity budget decisions based on an annual basis versus biennial basis
- State Budget *Steve McLellan*
  - Process and outlook
  - Operating budget and lead entity support from the general fund

DECISIONS

9:10 a.m. **2. 2013-15 Funding Requests made by the Board for Inclusion in the RCO's Budget Submittal to the Office of Financial Management** *Brian Abbott*

Decision: Recommend state capital budget funding level for salmon grants provided by Salmon Recovery Funding Board in the 2013-15 biennium

Decision: Recommend state capital budget funding level for the Estuary and Salmon Restoration Program (ESRP) in the 2013-15 biennium

9:25 a.m.	**3. Funding Requests made by the Department of Natural Resources related to Salmon Recovery** **Decision:** Support the Department of Natural Resources' capital budget request for the Family Forest Fish Passage Program (FFFPP) in the 2013-15 biennium	*Brian Abbott*
9:30 a.m.	**4. Funding Requests made by the Puget Sound Partnership related to Salmon Recovery** **Decision:** Support the Partnerships' capital budget request for Puget Sound Acquisition and Restoration (PSAR) funding in the 2013-15 biennium **Decision:** Support the Partnerships' approach for a new prioritized list of large-scale capital projects in Puget Sound	*Jeanette Dorner*
9:50 a.m.	**BREAK**	
10:00 a.m.	**5. Funding for the Strait of Juan de Fuca Intensively Monitored Watershed** • Report and recommendation from technical team • Funding options **Decision:** Determine whether to continue funding beyond August 31, 2012 for the Strait of Juan de Fuca Intensively Monitored Watershed	 *IMW Technical Team* *Megan Duffy*
10:40 a.m.	**6. Funding for the Lower Columbia Intensively Monitored Watershed** • Review of current status and projects • Funding options **Decision:** Determine whether to provide dedicated funding, and if so at what level and from what source, for restoration projects in the Lower Columbia Intensively Monitored Watershed	 *Megan Duffy*

BRIEFINGS

11:20 a.m.	**7. Liability Legislation** • Report on proposal to introduce legislation protecting property owners from liability claims related to salmon recovery projects	*Steve McLellan*
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Salmon Recovery Funding Board Summarized Meeting Agenda and Actions, June 7, 2012

Agenda Items without Formal Action

Item	Follow-up Actions
Management Report	There were no follow-up actions
Salmon Recovery Management Reports – Grants	There were no follow-up actions
GSRO Update	There were no follow-up actions
Reports from Partners/State Agency Partner Reports	There were no follow-up actions
Areas of Policy Focus for 2012	There were no follow-up actions

Agenda Items with Formal Action

Item	Formal Action	Follow-up Actions
Minutes	Minutes from December 2011 Approved	None
Efficiencies in Regions	Resolution 2012-01 approving the lead entity consolidation in the Upper Columbia Region Approved	Upper Columbia Region to provide a follow-up report at the end of the year Staff to provide a report to the board about the roles of the technical panels at all levels.
Target Grant Round	Approve a funding target of $18 million in grant awards for the 2012 grant cycle Approved	Notify regions and lead entities of the target funding levels
2013 Salmon Project Conference	Up to $63,000 approved for the project conference in May 2013 Approved	Hold project conference in May 2013.
Monitoring Allocations	Fund project effectiveness ($437,000) and fish and fish out ($208,000). Approved Delegate authority to the director to enter into contracts Approved Fund Hood Canal IMW ($368,110) Approved	In August, bring back options for funding IMW-related restoration projects in the Lower Columbia IMW. In August, bring back a recommendation from the IMW Steering Committee regarding whether to continue the Strait of Juan de Fuca IMW.

	Fund Skagit IMW ($246,124). Approved Assess Skagit IMW before the 2013 contract discussions. Approved Fund in the Lower Columbia IMW for another year($446,180) Approved Do not fund the Strait of Juan de Fuca IMW. Failed Fund the Strait of Juan de Fuca IMW Failed Fund the Strait of Juan de Fuca IMW until the next board meeting (about $200,000) and have the IMW Steering Committee report at the August meeting regarding whether it should be continued. Approved	Before the contract expires in 2013, bring back an analysis of the Skagit IMW for board consideration of whether to continue it.

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: June 7, 2012
Place: Room 172, Natural Resources Building, Olympia, WA

Salmon Recovery Funding Board Members Present:

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

Member Brown left the meeting at about 2 p.m. and was not present during the monitoring discussion.

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.

Opening and Welcome

Chair Bud Hover called the meeting to order at 9:04 a.m. and a quorum was determined.

David Troutt moved to adopt the agenda.
Seconded by: Josh Brown
Motion: APPROVED

Harry Barber moved to adopt the April 2012 minutes.
Seconded by: Josh Brown
Motion: APPROVED

Management and Partner Reports

Item 1: Management Status Report

Director Cottingham highlighted the following topics:

- An outside group had asked for an audit of the Wiley Slough project; an engineering report will be completed in the next few weeks and she will decide what to do after that.
- The state does not yet know the 2012 federal Pacific Coastal Salmon Recovery Fund (PCSRF) award amount. The State Auditor has stated its opinion that the 3 percent PCSRF administration cap should apply to all state agencies; however, the National Oceanic and Atmospheric Administration (NOAA) intends to clarify that the 3 percent cap applies only to the Recreation and Conservation Office (RCO).
- Habitat Work Schedule is managed by RCO with funding from the US Fish and Wildlife Service. USFWS is now indicating that this is the last year that they will fund it. A group is working with USFWS to try to retain the funding for HWS.
- Steve McLellan is working on whether it is feasible to address the landowner liability issues legislatively.

Item 2: Salmon Recovery Management Reports

Governor's Salmon Recovery Office (GSRO): Megan Duffy asked Jennifer Johnson to give the board an update on the State of the Salmon Report. Johnson shared a mockup of the anticipated web design and explained how the data would roll up at different levels (e.g., region, lead entity, ESU, population, etc.). They have been working with the Department of Ecology, Washington State Department of Wildlife and the regions on ways to present data. She explained the timeline to the board, noting that they intend to release the report on December 31. Director Cottingham noted that this will be more interactive, and will save printing costs. There will be a printed executive summary, and there will be an ability to print some of the screens.

Member H. Barber asked for a report on the number of hits on the site. He also asked for the report to differentiate between hatchery and wild fish. Member Rockefeller asked if there was any coordination with similar work being done by the Northwest Power and Conservation Council, and offered to put the GSRO in touch with key staff.

Member Troutt asked that the report mention VSP parameters other than abundance, and also suggested that there be an ability to print out information at the watershed level. He concluded by asking if the report could begin to address local threats. Johnson responded that they had asked regions to include that information in their contextual information.

Grant Management:
Brian Abbott, Salmon Section Manager, reviewed the status of several items in the staff memo. He gave an update on the audit done of Sound Salmon Solutions, which is a Regional Fisheries Enhancement Group (RFEG) with seven active RCO grant agreements. He distributed a report of the findings. Chair Hover asked if there was any impropriety with non-board funds. Director Cottingham noted that they are still trying to figure it out; the RFEG has a forensic accountant working with them and they will need to provide significant documentation for future billings. Member H. Barber asked if there were other audits that could have signaled a problem earlier. Abbott noted that they had not reached the RCO threshold of federal funding that would have triggered an audit. H. Barber suggested that the RCO institute simpler audits below the threshold. Member LaBorde noted that the Department of Fish and Wildlife (WDFW) was asking the same questions to strengthen the RFEG program. H. Barber suggested it be discussed by the RFEG coalition.

Grant manager Elizabeth Butler presented a series of Puget Sound Critical Stock projects. Kay Caromile presented the Upper Wapato Reach Restoration (08-1948). Alex Conley, Yakima Basin, spoke about the Upper Wapato Reach Restoration project, the local benefits, and the big picture. Dave Caudill presented the Carpenter Creek Estuary Restoration (10-1898). Members Brown and Rockefeller noted the leadership from the community on this project. Caudill noted that local residents had volunteered to monitor the project for 10 years. Member Laborde explained the history of the funding for the Puget Sound Critical Stock program, and the importance of the three-year workplans and watershed leads for securing the funds.

Policy Development Update:
Megan Duffy and Brian Abbott updated the board on the policy development activities. Duffy presented the first item, allowability of hatchery-related projects. Chair Hover asked if there was any pushback about acclimation ponds. Duffy responded that there is no opposition at this time, but they want to be clear about what will and will not be allowed, versus what is eligible for grant reimbursement. Member Troutt reminded staff to have discussions with the tribes, and thought that any hatchery-related activities should

be explicitly addressed in the recovery plans. Duffy concurred, noting that they will develop a process and policy for the board to approve for Manual 18. For now, the RCO is dealing with requests on a case-by-case basis. Member Gildersleeve encouraged staff to include consideration of impacts to water quality. Member H. Barber noted that they definitions of hatchery projects need to be fairly narrow and tight.

Abbott presented the remaining Tier 1 topics, as described in the staff memo. Member Troutt asked if the recovery plan priority could be brought in from Habitat Work Schedule. Abbott agreed that it could be considered.

Item 3: Partner Reports

Council of Regions Report: Julie Morgan presented the report for Jeff Breckel. She reported that they are meeting with state agencies about progress on the recovery plans.

Lead Entity Advisory Group (LEAG) Report: Cheryl Baumann and Amy Hatch-Winecka presented information about lead entity activities. Hatch-Winecka presented an overview of lead entity investments, in WRIAs 13 and 14. Member H. Barber asked what role the lead entity has in helping sponsors maintain financial controls. Hatch-Winecka responded that she tracks project progress, but doesn't delve into their financial affairs. The lead entity role is to help them ensure that they are budgeting correctly for the projects.

Regional Fisheries Enhancement Groups (RFEGs): Lance Winecka noted that the RFEGs are proposing 37 projects in the current grant round and also are working on several projects to implement the new funding for the Family Forest Fish Passage Program. The Fish and Wildlife Commission and WDFW will help the RFEGs work to secure their federal funding for 2013. WDFW also will continue to implement the egg and carcass program on behalf of the RFEGs.

Winecka also addressed the problems facing Sound Salmon Solutions. WDFW staff will be doing informal audits of each RFEG, and will assess documentation more closely. Member Troutt asked if they are considering lower level voluntary audits. Winecka responded that every group is different and has different levels of sophistication. Member H. Barber asked how many RFEGs meet the $500,000 threshold for a federal audit. Winecka responded that he would find out, and noted that they may do more training of the RFEG board members about their roles and responsibilities.

State Agency Partners

Mike Barber, Department of Transportation, had no updates to report.
Craig Partridge, Department of Natural Resources, had no updates to report.

Carol Smith, Conservation Commission, gave an update on the CREP program. They have recently lifted the moratorium on new projects. She also discussed the Conservation Reserve Program (CRP), which is a nationwide federal program that rents land from farmers to keep it conserved. Another quarter million acres are due to expire in 2013, and we do not know if they will be allowed to re-enroll those lands. The cap is decreasing. They are waiting for the Farm Bill to know what the outcome will be. NRCS has a few million for the Puget Sound program. They are prioritizing culverts, habitat, and manure lagoons.

Melissa Gildersleeve, Department of Ecology, encouraged groups to contact her if they have projects that involve water quality. They are managing a number of EPA and Department of Health grants, and she encouraged applicants to work directly with Ecology staff so that their applications hit the mark.

Sara Laborde, Department of Fish and Wildlife, noted Norm Dicks' efforts on May 8 to keep PCSRF at $65 million rather than at $50 million. She received a positive response to the Council of Regions' policy priority document from WDFW's executive leadership.

Phil Rockefeller, Northwest Power and Conservation Council, noted that the council is about to adopt high-level indicators and that they line up nicely with those in the State of the Salmon report. They are working to decide on how much of their resources to dedicate to monitoring.

General Public Comment

There was no general public comment.

Board Briefings

Item 4: Reports on Status of Efficiency Efforts in Regions

Upper Columbia Salmon Recovery Board:

Julie Morgan and Derek Van Marter of the Upper Columbia Salmon Recovery Board (UCSRB) presented information about the request to consolidate lead entities. The discussion started a year ago, with concerns about the integrity of the lead entity processes, board discussions about budget cuts, and GSRO activities around ensuring that there were no conflicts of interest. In February, they received a letter from RCO asking for the consolidation. The process moved forward, with the target of completing the consolidation by the end of the year. They are working with citizens' committees and stakeholders to ensure that everyone understands what is being proposed. The UCSRB will report back to the board at the end of the year.

Member H. Barber asked if the particulars had been worked out, and how they would achieve savings. Van Marter responded that they were still working out the details. The focus has been more on the process integrity than on cost savings. Chair Hover noted that it is important to maintain a balance between project funding and the cost of human capacity behind it.

Public Comment

Jason Hatch, Trout Unlimited, thanked the counties for their leadership and stated that this is an opportunity to rethink how they get salmon recovery projects on the ground in a cost-effective way. They support the consolidation proposal.

Phil Rockefeller moved to approve Resolution 2012-01.
Seconded by: Josh Brown
Motion: APPROVED

Puget Sound Recovery Council:

Jeannette Dorner, Director of Salmon Recovery at the Puget Sound Partnership, noted that they received a letter from Director Cottingham about cost efficiencies in Puget Sound. The proposal was presented to the Puget Sound Recovery Council (PSRC) on May 31. The council does not want this to be a question only of lead entity consolidation, and approved exploring these questions:

- Are there efficiencies in the board's process between the state, region, and lead entities?
- What should be the role and purpose of the state and of the region?
- Should there be more responsibilities absorbed by the region?

- Should there be a consolidation of lead entities? The region can facilitate this discussion, but ultimately, the lead entities make the decisions.
- Should the region be reduced and responsibilities distributed to the lead entities?

Another topic for the PSRC has been to review how it works and develops its work plan. The council asked for a better understanding of how each watershed operates. They will have a conference that will help the council determine how to better support recovery plan implementation. The board's request about efficiencies will be incorporated into that conference.

Puget Sound also is interested in looking at the roles and responsibilities of the Regional Technical Team and the state's Technical Review Panel. Dorner and Brian Abbott will meet with the chairs of the two teams to start that conversation.

Member Smith suggested that they also look at the role of the local technical panels, especially in light of the discussions of conflict of interest and the need for broader scientific input.

Chair Hover noted that he understands that each lead entity wants to maintain autonomy and decision making, but that it is becoming more difficult to support funding all of them as the ratio of project to administration dollars shrinks. It is their decision about consolidating, but they need to realize that funding may shrink. He understands that they leverage other funds, but consolidating does not mean that they cannot leverage funds. He wants solutions to come from the bottom up; he does not want to mandate it as a board.

Member LaBorde noted that the board needs to look at both regional and lead entity costs when considering the project to administration ratio, not just lead entities.

Member Brown asked for a report to the board about the roles of the technical panels at all levels so they can see the overlaps. He noted that the issue is also political. The board needs to provide facts and resources to encourage consolidation action locally.

Member Troutt noted that the legislation emphasized local control, and it has been successful. He suggested that instead of focusing on fluctuating budgets, they should focus on what they want to accomplish: (1) recover salmon and (2) have local people involved in decisions. Resources should be focused on those goals rather than on the tension between the two. He thinks that consolidation is a conflict with the second goal. He believes that the investment in administration has broader benefits than the board recognizes.

Member H. Barber stated that administrative costs should be fixed, and if the lead entities do not consolidate voluntarily it will happen to them. He referenced his work in the private sector, and noted that they experience similar concerns about consolidations; the board can learn from them. He encouraged Puget Sound to be more aggressive in their efforts. He would prefer to see them be proactive rather than reactive; maybe consolidation is not the answer, but they should look at cost reduction.

Member Gildersleeve asked how much of the structure in the sound is dictated by the Puget Sound Partnership legislation. Dorner noted that there is flexibility, and that the watersheds do a good deal of regional work.

Northeast:
Megan Duffy informed the board that the Northeast receives about 2 percent of the overall project funding, and about $100,000 in capacity funding. 2010 PCSRF program priorities made it clear that PCSRF funding cannot be used for non-anadromous bull trout, so the Northeast can be funded with only state funds. As a result, about $460,000 of state funding cannot be used as PCSRF match.

Item 5: Legislation for Watershed Investment District Concept

Joan McGilton and Doug Osterman from WRIA 9 presented a proposed legislative concept. Osterman explained the local efforts to identify and meet funding needs for salmon recovery. They noted that salmon recovery has many ancillary benefits and projects could meet multiple objectives, but some were too large for current funding sources. There was no dedicated, sustainable funding or governance structure. They believe the Watershed Investment District can fill that gap. He then reviewed the proposed governance structure, funding options, and concepts. The legislation has yet not been presented in the legislature.

Chair Hover asked what the tax basis would be. Osterman responded that it could be existing taxes, mitigation, or portions of other fees. He noted that the justification can be the broader benefits of the projects funded. McGilton noted that they had reviewed 25 different options, and it would be difficult to find two or three that would be acceptable for everyone.

Member Troutt said that it was good work that would help fill the gaps that have been identified for salmon recovery. He noted that there are times when they have the support, but not the resources, for a big project; support wanes when there are no resources.

Member Partridge asked if they would use existing systems such as recovery plans to identify where the funds would go. Osterman confirmed that areas could use that approach, but every area is different.

Member H. Barber noted that the approach relied on high populations, so it was Puget Sound-centric and would not be beneficial to other parts of the state.

Member Brown noted that counties need options to incentivize landowners to do the work themselves, rather than assuming it will all be done with public funds. He noted concern with creating yet another junior taxing district on top of the existing structures.

Item 6: Update on Fish Passage Issues

Brian Abbott reviewed the updates provided in the staff memo. The state agencies that manage the Family Forest Fish Passage Program (FFFPP) met on May 23. They are moving forward with the work needed to fund projects with the additional $10 million in the 2012 supplemental budget. They have already funded 47 projects. He thanked staff from the RCO, the Department of Natural Resources, and or their work. He also noted the Fish Passage Workgroup information that is in the memo; agencies are looking for ways to coordinate to secure funding, be efficient, and improve fish passage.

Board Decisions

Item 7: 2013 Salmon Project Conference

Brian Abbott noted that they are planning the conference for May 14 and 15, 2013. He reviewed the 2011 conference, including attendance, exhibitors, purpose, registration, and costs. He noted that they were planning to use a publically-owned facility in Vancouver for the 2013 event. Director Cottingham noted that TVW would broadcast parts of the conference if the RCO contracted with a reputable videographer for the recording.

Bud Hover moved to approve funding of up to $63,000 for a salmon project conference to be held in the Vancouver, Washington area in May 2013.
Seconded by: **Harry Barber**
Motion: **APPROVED**

Item 8: Target 2012 Grant Round Funding Level

Brian Abbott reviewed the table in the memo that addressed the funding for the 2012 grant round. Director Cottingham noted that they do not yet know the 2012 PCSRF amount for Washington State. Abbott noted that once they know the amount, they would notify the regions and lead entities.

David Troutt moved to approve a funding target of $18 million in grant awards for salmon habitat and restoration projects during the 2012 grant cycle, contingent on receipt of the 2012 PCSRF award.
Seconded by: **Harry Barber**
Motion: **APPROVED**

Item 9: Monitoring Programs

Keith Dublanica presented an overview of the board's monitoring strategy, its major efforts, and the other monitoring work underway.

Effectiveness Monitoring

Jennifer O'Neil presented the results and findings of project-scale effectiveness monitoring. She explained the reasons that they monitor at the project scale, and presented a timeline that indicated that the data collection for the entire project would be completed in 2020. Monitoring is complete in three project categories – fish passage, diversion screening, and spawning gravel. 73 locations have been monitored (90 projects). They need to complete monitoring on existing projects, add projects for in-stream habitat and floodplain enhancement, do additional outreach at the local and regional levels, and find future partnership opportunities with OWEB and others. She reviewed the results to date related to habitat, limiting factors, and other indicators as well as project costs.

Member Rockefeller asked how they account for other factors external to the project implementation. O'Neal explained that they use a control reach, generally upstream of the sample site in the same stream. He asked if the data were predictive for other projects, and if so, could this be used to replace monitoring at specific sites. She responded that the projects were selected from across the state. From a statistical perspective, the data should be predictive to other sites. If the new projects are designed and implemented according to the same standards (i.e., the sites are similar), there's a fair probability that they are representative.

Fish In Fish Out Monitoring
Mara Zimmerman and Erik Neatherlin of WDFW presented information about Fish In/Fish Out Monitoring (FIFO). Zimmerman explained that it combines juvenile and adult monitoring of the same populations. It provides a measure of abundance and survival in freshwater versus marine environments. The information helps direct management actions. She used an example of Elwha River Chinook Salmon to show that abundance has been decreasing for 100 years. She noted that dams would be removed, but that the FIFO information can tell them if new freshwater productivity will solve the problem. She showed that FIFO tells them that if because ocean survival is low for this population, they need high freshwater survival.

They strategize their efforts based on the Monitoring Framework, which connects juvenile and adult monitoring with habitat monitoring and prioritizes data gaps. She stated that the current annual statewide cost is $6 million, with local, tribal, federal, state, IMW, and SRFB funding.

In response to board questions, she noted that the return and survival rates factor in harvest rates among many factors that affect the rates. Harvest is one factor that can be managed.

Member Troutt asked if there are other monitoring efforts could be "piggybacked" onto this monitoring (e.g., genetic sampling) to save money. Zimmerman responded that there were, but it was basin-specific.

Member Smith asked how many Chinook populations were monitored, and if all ESUs were covered. Zimmerman said that they were meeting the goal of one population per MPG.

Intensively Monitored Watershed
Bill Ehinger, Department of Ecology, presented information about Intensively Monitored Watersheds (IMW). He explained that the background that led to the IMW monitoring approach and the locations of the study watersheds. He noted the annual monitoring budget includes SRFB funds, in-kind support, and existing monitoring. Ecology contracts out much of the work for IMW efforts. He noted that there always has been a challenge because the restoration and monitoring are funded and managed separately. The answer to the question of "when will we be done?" varies by stream. Some results are available now; he reviewed some of the data and key findings at the four sites: Strait of Juan de Fuca, Hood Canal, Skagit River Estuary, and Lower Columbia. He noted that there does not appear to be a fish response to the restoration efforts in the Strait of Juan de Fuca.

Member Gildersleeve asked if there is any effort to incentivize the restoration efforts so that the monitoring can be completed in the Lower Columbia. Bruce Crawford, NOAA, told the board that when the four sites were authorized, the board was cautioned that the watersheds should be small enough in order to help ensure that projects can be implemented. The number of projects in the Lower Columbia was always a concern, but there was a desire to have an IMW outside Puget Sound. Crawford noted that the Lower Columbia has a lot of watersheds with a lot of high priority projects. Member Troutt noted that a challenge for the board is that the projects are selected at a local level, and not by the board.

Chair Hover asked what they can learn from large woody debris in the Straits IMW that might be applicable on a statewide basis. Ehinger responded that higher in the watershed, where sediment moves through, they are seeing positive habitat effects, but no fish response. Lower in the watershed, where they see more landslides and mass wasting events, they are not seeing habitat effects yet. Member H. Barber noted that independent literature exists to support large woody debris; they may not have had a fish response because it was the wrong limiting factor.

Member Troutt asked how far along each of the locations are in terms of accomplishing the treatment plans linked to the IMW. Ehinger responded that it varies significantly by area. All of the main channel in-stream work in the Straits has been done, except that they theorize more nutrient work needs to be done.

NOAA Priorities

Bruce Crawford, NOAA, presented on behalf of Scott Rumsey. He explained that the 2011-12 PCSRF program review (1) addressed how effective the funds have been in achieving the program purpose and (2) asked how it could improve its impact, performance, and reporting in the future. He noted that the board fared well in the review. Monitoring has now been established as the third of four PCSRF priorities. He noted that all three components – effectiveness, fish in/fish out, and IMW – are important. He noted that for effectiveness monitoring, NOAA wants to see a focus on programmatic monitoring, consistent design and methodology, pre-project monitoring, adequate sampling, coordination, and regular analysis and information sharing. For IMWs, they want to see pre-treatment monitoring, timely implementation of treatments, and coordination and information exchange. For status and trends, they want to see natural spawner abundance estimates for every population, juvenile migrant estimates for at least one population per MPG, and annual distribution of data. They have completed a study of VSP prioritization and gap analysis for Puget Sound, which should help with funding needs.

Allocation of Funds

Director Cottingham noted that the board has expressed concern that the monitoring contracts have been done piecemeal. In response, she has asked staff to present the decisions together at this meeting, with delegation to the director to enter into the contracts as appropriate.

Megan Duffy presented the funding recommendations for effectiveness, status and trends, and IMW monitoring as described in the staff memo. She noted that staff was recommending that monitoring be continued in the Strait of Juan de Fuca IMW for one year, but that the IMW Steering Committee make a recommendation about whether to continue funding in 2013 and beyond. She also presented four options for funding the Lower Columbia IMW, as described in the staff memo, and presented updated cost estimates based on new figures from the Department of Ecology. She noted that small monitoring efforts would be funded at a later date, following a similar process to the one used for 2011.

Public Comment

Alex Conley, Yakima Basin Salmon Recovery Funding Board, challenged the board to think about how they allocate monitoring in the future so that they can better address regional questions that are related to unique regional situations.

Director Cottingham noted that some of those questions were addressed with the monitoring done in the smaller monitoring projects.

PROCESS NOTE: The board opted to use motions rather than the resolution prepared by staff.

Phil Rockefeller moved to adopt the staff recommendation regarding funding for project effectiveness ($437,000) and fish and fish in-fish out ($208,000).
Seconded by: Harry Barber
Motion: APPROVED

Phil Rockefeller moved to delegate authority to the director to enter into contracts and implement the days' decisions.
Seconded by: **Harry Barber**
Motion: **APPROVED**

David Troutt moved to support the staff recommendation regarding the Hood Canal Intensively Monitored Watershed (full funding of $368,110).
Seconded by: **Phil Rockefeller**
Motion: **APPROVED**

Bud Hover moved that they accept the staff recommendation regarding Skagit Intensively Monitored Watershed (full funding of $246,124).
Seconded by: **Phil Rockefeller**
Motion: **APPROVED (3 in favor, 1 opposed)**

Member Troutt expressed concern that there was not enough information to determine when the IMW would be done. He stated that the IMW was behind schedule in terms of restoration project implementation. Member LaBorde suggested that the board should ask staff to do an assessment like they did with Lower Columbia IMW.

David Troutt moved that staff bring back an analysis of the Skagit IMW before the 2013 contract discussions.
Seconded by: **Harry Barber**
Motions: **APPROVED**

Lower Columbia

Member Troutt asked why there is so much scrutiny on Lower Columbia versus the Skagit River Estuary. Duffy responded that the Skagit is a smaller effort, where local entities are committed to using a variety of funding sources to implement restoration projects. Member Troutt disagreed, indicating that landowner commitment is an issue in the Skagit and thinks that staff should be more consistent in the evaluation of the IMWs. Member LaBorde suggested that the board dedicate specific funds for the restoration work in the Lower Columbia in order to complete the work necessary for the IMW .

Duffy asked if Member Laborde intended for the $1.5 million to come off the top of the annual project pot. Member LaBorde confirmed that was her intent. Duffy noted that it would change the annual grant round to $17.5 million (based on public comment from Jeff Breckel that it would take about three years to expend, or about $500,000 per year). Brian Abbott also noted that the funds could come from returned funds, rather than from the overall grant round. Member LaBorde suggested it also could come from additional PCSRF if the state received more funds than anticipated.

Member H. Barber asked Jeff Breckel of the Lower Columbia Region if the money that Region 5 received from Bonneville Power Administration (BPA) could be used for these projects. Jeff responded that it could be used only for tidally influenced areas and tributaries. One of the projects on Abernathy Creek may be eligible, but that is the only one.

Harry Barber moved to adopt Option #3 of the staff memo regarding Lower Columbia.
Seconded by: **Phil Rockefeller**
Motion: **APPROVED**

Megan Duffy reviewed option 3, noting that there is a $1.5 million project funding gap. The original proposal in the staff memo was for WDFW to find the funding needed. The suggestion at the board meeting was that that it would be filled over three years, with $500,000 per year coming from either the grant round or returned funds. Director Cottingham noted that the board would need to provide this clarification about how it would be done.

Member Rockefeller asked how projects like this would normally be funded; Director Cottingham noted that it this funding approach was unprecedented. Chair Hover asked if this would be a change to a top-down approach. Director Cottingham noted that the board could wait until August to decide how to fund the projects. She committed that staff would bring back options and recommendations about how to fund the projects.

Chair Hover clarified, and Members Barber and Rockefeller confirmed, that the motion would approve funding to continue the monitoring work in the Lower Columbia IMW. Megan Duffy noted that the amount of funding was $446,180.

Public Comment
Jeff Breckel, Lower Columbia Salmon Recovery Board, supports the Lower Columbia IMW. They think it is important in the region and an important element in the recovery plan. They know that they cannot fund it all with the existing regional allocation, and have expressed concerns since the beginning. They have invested a fair amount of money already, which indicates their commitment. They will continue to try to support it if others do as well. The potential loss of the IMW concerns him, but the LCSRB understands the fiscal issues. They want to proceed with something that has a reasonable likelihood of success. Based on the existing capacity, it would take two to three years to put $1.5 million in projects on the ground.

Strait of Juan de Fuca

Member Rockefeller noted that he didn't see a reason to continue the Strait of Juan de Fuca IMW effort because they had learned that the treatment was not effective. Chair Hover asked how they would know if there might be an effect down the road. Ehinger responded that preliminary data indicate that this treatment did not work, but that they could look at the nutrient enhancement and other treatments to see if they would be effective. Member Rockefeller noted that the Lower Columbia would also have nutrient enhancement. Ehinger responded that there are differences in life history strategies and amount and types of restoration done. Ehinger also noted that he reported results to date and a preliminary analysis; the treatments are not yet completed. Member Smith noted that the negative result is more interesting for adaptive management.

Board members discussed the benefits of additional information and technical review, cost of continuing, and the applicability of the data outside of this basin. Board members also expressed concerns about ensuring that they make the most of the existing investment. The board was split on whether to (a) consider the project complete because early results showed that fish did not respond to the treatment or (b) continuing the monitoring to determine if fish would respond to projects that addressed other limiting factors (e.g., nutrients and off-channel habitat). Director Cottingham advised that they consider providing funding through the summer to get the most of the data collection through the summer field season.

Phil Rockefeller moved that they not fund the Strait of Juan de Fuca IMW.
Seconded by: **Harry Barber**
Motion: **FAILED (1 in favor, 2 opposed, 1 abstention)**

David Troutt moved to support the staff recommendation regarding the Strait of Juan de Fuca IMW
Seconded by: **Bud Hover**
Motion: **FAILED (2 in favor, 2 opposed)**

Bud Hover moved to fund the Strait of Juan de Fuca IMW until the next board meeting (about $200,000) and have the IMW Steering Committee report at the August meeting regarding whether it should be continued.
Seconded by: **David Troutt**
Motion: **APPROVED**

Public Comment
Cheryl Baumann, North Olympic Lead Entity, brought forward an IMW project in 2009, and they have been adding wood at the project. They are hoping that they still have funding for the analysis in the Strait of Juan de Fuca IMW in the future.

Meeting adjourned at 5:50 p.m.

Minutes approved by:

_____ _____
Bud Hover, Chair Date

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **1**

Meeting Date: August 2012

Title: Budget Overview

Prepared By: Megan Duffy, GSRO Executive Coordinator
Steve McLellan, Policy Coordinator

Approved by the Director: Kaleen Cottingham

Summary

This memo provides an update on the Pacific Coastal Salmon Recovery Fund and its potential implications for the lead entity and regional organization funding cycles. It also provides the context for the budget decisions proposed in Items 2 through 4.

Board Action Requested

This item will be a:

- ☐ Request for Decision
- ☐ Request for Direction
- ☒ Briefing

Federal Budget: Update on Pacific Coastal Salmon Recovery Fund

In April, the Recreation and Conservation Office (RCO), on behalf of the Salmon Recovery Funding Board, Department of Fish and Wildlife (WDFW), and the Northwest Indian Fisheries Commission, submitted its annual grant application to the federal government for $30 million. The funding, which comes through the Pacific Coastal Salmon Recovery Fund, traditionally has supplied more than half of the funding for salmon recovery projects funded through RCO.

In June, we learned that the state's award for federal fiscal year 2012 would be $22 million. This is $6 million less than the state's 2011 award. However, Washington State typically receives about 33 percent of the overall funding, and our award is consistent with that historical trend, since total funding for the program dropped from $80 million in 2011 to $65 million in 2012.

Despite the decrease in the award, the board can still offer an $18 million grant round for 2012 by using returned funds.

Potential effect on the timing of 2013-15 capacity funding

The National Oceanic and Atmospheric Administration changed the PCSRF application process in many ways this year, including a new requirement to break out costs according to the newly-articulated PCSRF priorities. In doing so, the state must clearly identify the portion of the requested PCSRF funding to be allocated to capacity versus projects, by priority.

This requirement raises the question of whether the state's application would be more competitive if it allocated capacity funding on an annual basis versus a biennial basis. The concern is that PCSRF is an annual competitive grant award. A biennial allocation artificially increases the capacity costs every other year so that capacity costs appear relatively high compared to project costs. The new application format for presenting costs highlights this fact in a manner that may lessen the state's competitiveness for all funding.

The following table demonstrates the issue for Priority One projects and activities, if the total grant request were $22 or $30 million.

- At $22 million, a biennial approach would result in a capacity funding request that exceeds project funding by over $500,000.
- At $30 million, a biennial approach would result in capacity funding that is only $1.1 million less than project funding.

Demonstrated Costs for 2013 Grant Application

Priority One Projects and Activities	$22 Million Total Request		$30 Million Total Request	
	Biennial Capacity Funding	Annual Capacity Funding	Biennial Capacity Funding	Annual Capacity Funding
PROJECT FUNDING: Habitat restoration and protection projects in seven regions with listed species	$6,567,331	$10,119,605	$8,219,853	$11,772,127
CAPACITY FUNDING: Regional organization and lead entity funding in six regions with listed species	$7,104,547	$3,552,273	$7,104,547	$3,552,273
OTHER: Hatchery, Database, Admin	$2,471,096	$2,471,097	$6,144,387	$6,144,387
TOTAL	**$16,142,974**	**$16,142,975**	**$21,468,787**	**$21,468,787**

If the status quo is maintained, our application in the odd numbered years will have more funding going to administrative functions (i.e. capacity) than to on-the-ground projects; and in even numbered years, the amounts will flip, so that more funding is going to on-the-ground

projects. Staff brings this to the board's attention in order to ensure that Washington State remain as competitive as possible in the PCSRF award process. Whether to fund regions and lead entities on an annual basis or continue to fund on a biennial basis will come before the board for a decision at its September meeting.

State Budget

Washington enacts budgets on a two-year cycle, beginning on July 1 of each odd-numbered year. The budget approved for the 2013-15 biennium will begin July 1, 2013 and run through June 30, 2015.

The RCO must submit its 2013-15 biennial budget proposal to the Office of Financial Management (OFM) by September 5. OFM will then analyze the proposal and work with the Governor to develop her budget recommendation. By law, the Governor must propose a biennial budget in December. After taking office in January, the new Governor will submit a revised budget to the Legislature.

The financial outlook for the next biennium continues to be uncertain. The current estimate – based solely on the need to provide increased funding for basic education to comply with recent court rulings – is that the operating budget will face a shortfall of over $1 billion. Budget instructions from the Office of Financial Management make it clear that few, if any, new or increased requests for general fund support will be successful.

The outlook for the upcoming capital budget is contingent on the outcome of the voting on a proposed constitutional amendment this November. Senate Joint Resolution 8221 (SJR 8221) resulted from the work of the state Debt Limit Commission. It would reduce the constitutional debt limit to 8 percent of revenues (from the current 9 percent) over the next 20 years. At the same time, it would calculate the debt limit using six years of revenues (rather than the current three), and would expand the revenue base upon which the debt limit is calculated.

The net effect of these proposed constitutional changes would be to have a larger capital budget in the short term, but it would grow more slowly over time. If the changes are approved by voters, the current estimate of capital budget capacity for 2013-15 is $1.65 billion. If the changes are not approved by voters, the short-term capital budget would be $1.25 billion (primarily because it would be calculated using only three years of data, all during the recession). Of course, if the revenue situation materially changes over the coming months, these capacity estimates also will change.

Operating budget, lead entity and GSRO support from the general fund

For the 2013-2015 biennium, RCO plans to request the current funding level for the lead entity program. The total general fund state allocated to the lead entity program in 2011-2013 biennium is $960,061. This number reflects the $50,000 cut taken in the 2012 supplemental budget, which was backfilled with federal dollars at the board's direction. Administrative and

other cuts to the general fund taken during the 2012 legislative session are being carried forward into the new biennium.

RCO also intends to request the current funding level for the support of the Governor's Salmon Recovery Office, including the staffing necessary to administer the contracts for the lead entities. The amount of general fund state allocated to the GSRO in 2011-2013 is $335,102 while the amount allocated to administer the lead entity contracts is $165,806. Together, the total – about $500,000 -- reflects the $205,000 cut that was taken during the supplemental budget in 2012. The GSRO also is supported by interagency agreements and funds from WDFW and Ecology.

Capital budget requests

Capital budget requests (both those carried in the RCO budget and those carried in other budgets but endorsed by the board) are discussed in Items 2 through 4.

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **2**

Meeting Date: August 2012

Title: 2013-15 Funding Requests made by the Board for Inclusion in the RCO's Budget Submittal to the Office of Financial Management

Prepared By: Brian Abbott, Section Manager

Approved by the Director: Kaleen Cottingham

Summary

The Recreation and Conservation Office (RCO) will submit its 2013-15 biennial budget request to the Office of Financial Management in early September 2012. The Salmon Recovery Funding Board (board) must decide on the amount of state funds RCO should include in its capital budget request for salmon grants, Puget Sound projects, and support for lead entities.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

Proposed Motion Language

Move to approve a capital budget request for salmon habitat and restoration grants. (Staff is not recommending a budget level)

Move to approve RCO's capital budget request of $10 million for the Estuary and Salmon Restoration Program (ESRP), as recommended by the Department of Fish and Wildlife.

Salmon Protection and Restoration Projects – State Capital Budget Request

The Salmon Recovery Funding Board (board) provides funding for its grant program through the state's capital budget.

Staff has reviewed a number of factors that the board may wish to consider in determining the level of funding to request in the capital budget. These include:

- The amount needed as match to secure federal Pacific Coastal Salmon Recovery Funds
- The amount needed to adequately fund project lists
- The amount that can be efficiently and effectively implemented as on-the-ground projects

These factors can be also be viewed in the context of longer-term funding levels and trends, such as the history of board funding requests and historic appropriations as a percentage of general obligation bonds.

As the board ponders what level to select for the budget request to the Governor, it is also important to assess the level of external support for the selected funding level. One of the potential issues that has thwarted earlier efforts at increasing the state funding has been the lack of a strong, strategic, and cohesive stakeholder advocacy approach with the legislature and other budget decision-makers. Having the RCO as the primary advocate for these funds has not proven to help lift the amounts, despite accolades for the SRFB process and the agency's distribution and management of the funds.

Options for Assessing Funding Needs and Selecting a Funding Level:

1. Select the Amount of Funding Needed to Match Federal Awards from the Pacific Coastal Salmon Recovery Fund

A key driver for determining the board's request is the amount needed to match the federal grant from the Pacific Coastal Salmon Recovery Fund (PCSRF). PCSRF provides a significant portion of the funds necessary for salmon recovery in Washington State, and requires a minimum 33 percent match from the state. Typically, the state of Washington has used the state salmon capital budget to fully provide this critical match, but in recent years, reductions in capital appropriations have forced reliance on the Puget Sound Acquisition and Restoration (PSAR) fund and the Family Forest Fish Passage Program (FFFPP) as well.

The table below shows the federal awards since 2001 and the state match required.

Biennium	PCSRF Award	State Match Required
01-03	$63.9	$21.1
03-05	$53.4	$17.6*
05-07	$47.9	$15.8
07-09	$46.9	$15.5
09-11	$54.0	$17.8**
11-13	$50.0	$16.59**

Notes:

* Remaining match is provided from excess state funds from previous biennia.

** Remaining match was provided through PSAR and FFFPP funds.

While overall PCSRF funding has declined to $65 million in the current fiscal year (and the President's budget proposes a further reduction to $50 million) staff anticipates that we will continue to seek the maximum federal award available in each federal fiscal year ($30 million). If successful, this amount would require minimum state matching funds of $19.8 million over the course of the biennium.

The following table shows the annual and biennial state funding needed to match varying levels of PCSRF funding.

	Lowest Actual Award	Average Actual Award	Highest Actual Award	Maximum Possible Award
PCSRF Annual Award Level	$22.0	$25.2	$28.0	$30.0
Minimum Annual State Match	$7.3	$8.3	$9.2	$9.9
Biennial Match Needed	**$14.5**	**$16.6**	**$18.5**	**$19.8**

Dollars in millions

A note about ongoing PCSRF Funding

The estimates in the reminder of this memo are based on an assumption that PCSRF will continue at the $65 million level, and that Washington State will receive about $22 million of that amount per federal fiscal year. This federal amount is sufficient to fund about $10 to $11 million of projects in each grant round. The likelihood of reduced PCSRF funding will put more pressure on state capital resources to keep project rounds funded at an adequate level.

2. Select the Amount of Funding to Meet Articulated Need for Project Funding

The amount of work that needs to be done to achieve salmon recovery is another way to determine the amount of money needed in the next biennium. For example, a report in 2011 estimated the statewide capital cost of the habitat-related elements of salmon recovery for the next ten years at nearly $4.7 billion.[1]

In preparation for this memo, staff worked with regional organizations to estimate the cost of projects that are currently proposed and documented in either work plans or Habitat Work Schedule. Although these projects are in different pre-proposal stages – from concept to design – they can provide a rough estimate of the number of projects that could be completed over several years if funding were available. Staff used conservative estimates, and found about 850 projects with a total cost of $162 million.

[1] *Funding for Salmon Recovery in Washington State*, Prepared by Dennis Canty, Prepared by Evergreen Funding Consultants for the Governor's Salmon Recovery Office and the Council of Regional Salmon Recovery Organizations, March 2011

Recreation and Conservation Office (RCO) staff members also note that over time, sponsors have implemented many of the simpler and less costly projects in the recovery plans. As a result, projects in the queue are bigger, more complicated, and more expensive (e.g., in terms of labor, materials, and design). The ability to implement any of these projects also still depends on willing landowners and local communities that welcome salmon recovery.

For board purposes, the funding needs ultimately get translated into grant rounds. A grant round of $18 million – the level that the board has been able to provide in the past few years – appears to provide a basic level of funding to implement the highest priority projects ready to be implemented in each region. Regions and lead entities are able to provide a list at that level, as well as alternates for about 22 percent above the funding limit.[2]

Based on project applications, our review of the projects in the work plans, and professional judgment, staff believes that there are sufficient projects and human capacity to implement annual grant rounds of up to $30 million, if funding were available.

If PCSRF is able to provide $10 million in project funding in each year/grant round during the 2013-15 biennium, the following amounts of state capital budget support will be needed for these grant funding levels.

Desired Annual Grant Round	**$18.0**	**$20.0**	**$25.0**	**$30.0**
Annual Federal Funding	*$10.0*	*$10.0*	*$10.0*	*$10.0*
Annual State Funding	*$8.0*	*$10.0*	*$15.0*	*$20.0*
Target State Biennial Funding Request *(Double the Annual State Funding Need)*	**$16.0**	**$20.0**	**$30.0**	**$40.0**

Dollars in millions

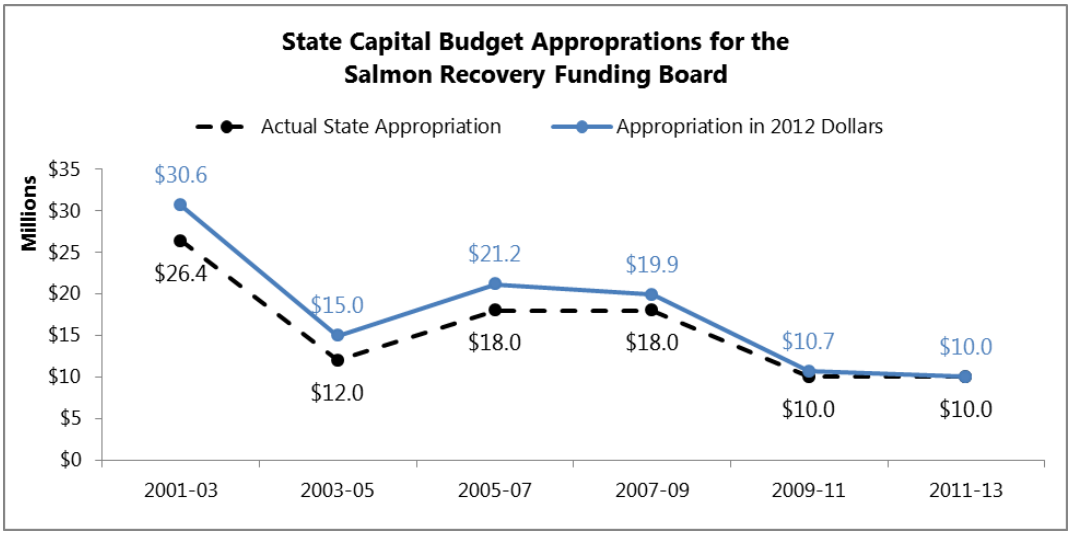
It is also important to note, that although the state capital funds do not directly support the human capacity, they provide the match for the federal funds that do support lead entities and regions. The state's application for federal funding will be stronger with a larger project match for the requested capacity dollars.

The level of state capital funding ($20 million/year or $40 million/biennium) suggested by a $30 million annual grant round also is consistent with other indicators including historic request levels, and the percentage of capital bond funding allocated to salmon recovery.

[2] Because RCO limits the number of alternates that can be submitted this understates the number of projects that could be implemented if funding was available.

3. Select the Funding Level based on Historic Funding Levels and Trends

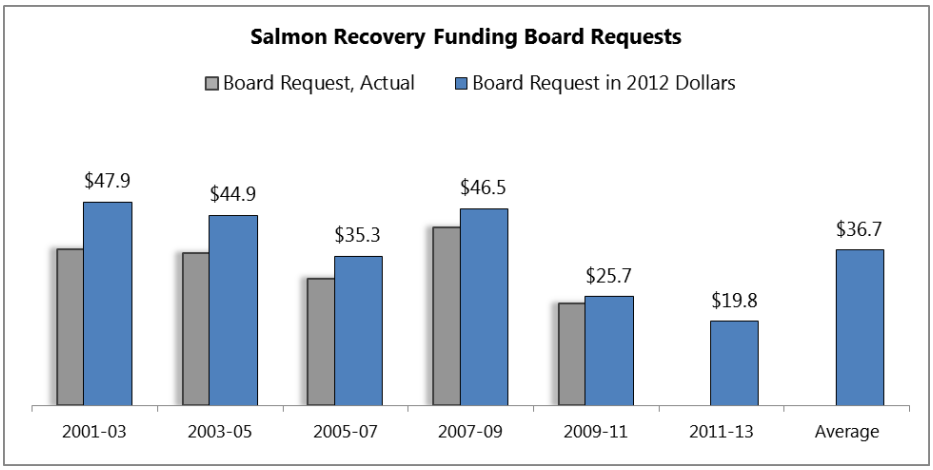
As shown in the following chart, the state's capital budget investment in salmon recovery through the board's grant program shows a substantial decline in recent years.



Typical board funding requests

The board has traditionally set its funding request based on an assessment of the number of vetted, ready to go projects available in a biennium; the capacity of local sponsors, lead entities, grant managers and others to implement the projects; and the amount of capacity in the capital budget.

Biennium	Board Request	Board Request, Adjusted for Inflation	State Appropriation
01-03	$37.0	$47.9	$26.35
03-05	$36.0	$44.9	$12.0
05-07	$30.0	$35.3	$18.0
07-09	$42.0	$46.5	$18.0
09-11	$24.0	$25.7	$10.0
11-13	$19.8	$19.8	$10.0



Adjusted for 2012 dollars, the board's average request since 2001 has been about $37 million.

Appropriations as a percentage of general obligation bonds

Since the 2001-03 biennium, the board has received an average of 1.1 percent of all general obligation bonds for its grant program.

Biennium	Salmon Recovery Funding Board Appropriation	Total General Obligation Bond Funding	SRFB percent of General Obligation Bonds
01-03	$26.4	$970.0	2.72%
03-05	$12.0	$1,491.0	0.80%
05-07	$18.0	$1,701.0	1.06%
07-09	$18.0	$2,504.0	0.72%
09-11	$10.0	$1,952.0	0.51%
11-13	$10.0	$1,148.0	0.87%

Dollars in millions

The following table shows the amount of total state bond funding estimated for the upcoming biennium, if the board chooses to base its request on a percent of general obligation (GO) bond funds. The estimated overall GO bond funding level is based on OFM calculations as of July. If subsequent revenue forecasts are significantly reduced or if voters do not approve a constitutional amendment enacting recommendations of the state debt commission, the bond level would be lower.

		Calculated Request Level for SRFB			
13-15 Biennium	**Estimated GO Bond Funding**	**Lowest Historical: .51%**	**Current: .87%**	**Average Historical: 1.1%**	**Highest Historical: 2.7%**
With constitutional amendment[3]	$1,650	$8.5	$14.4	$18.4	$44.8
Without constitutional amendment[2]	$1,250	$6.4	$10.9	$13.9	$34.0

Dollars in Millions

While SRFB grant program funding has declined as a percentage of general obligation bonds, the amount of work on regional work plans suggests a higher number, more consistent with funding levels seen earlier in salmon recovery efforts, could be effectively implemented over the biennium.

Summary

In summary:

- Conservative estimates of regional work plans show over $160 million in projects that could be implemented in the next several years. Broader estimates of what is needed to reach recovery are significantly larger.
- Federal support is likely to generate project funding of only $10 million per year
- Based on the number of projects and regional and agency capacity, $30 million annual grant rounds could be effectively and efficiently implemented
- Given likely federal funding levels, reaching a $30 million annual grant round would require $40 million in state capital bond funding for the biennium. This would also be sufficient to match federal funds, and would likely improve Washington's competitiveness for PCSRF dollars

[3] SJR 8221 will be presented to voters in the next general election. As noted earlier, approval means a slow reduction in the debt limit but a larger revenue base and longer time frame for calculating the base. Practically, it would mean a larger capital budget in the short term than the current system, and a slightly smaller one over time. The longer time frame for calculating the base should smooth out some of the volatility caused by either recession or rapid growth.

- A $40 million capital budget request is consistent with prior board budget requests and would be in line with the proportion of the capital bond budget devoted to salmon recovery in the initial years of the program.

- An additional factor that may have thwarted efforts at increasing the state funding has been the lack of a strong, strategic, and cohesive stakeholder advocacy approach with the legislature and other budget decision-makers. Having the RCO as the primary advocate for these funds has not proven to help lift the amounts, despite consistent praise for the SRFB project review and grant management process. In what is likely to be an extremely competitive year for capital budget funding, showing strong broad based support will be essential.

Estuary and Salmon Restoration Program

The Department of Fish and Wildlife (WDFW) determines the funding request level for the Estuary and Salmon Restoration Program (ESRP) in consultation with RCO and the Puget Sound Partnership. It is based on the number of viable projects estimated for the next funding cycle.

Historic Funding Levels for ESRP (all figures shown in millions)

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	$12.0	$7.5	$12.0
09-11	$10.0	$7.0	$7.0
11-13	$10.0	$0	$5.0

WDFW has requested that RCO include a $10 million capital budget request for this program in its budget request, and is asking the board to support this amount. RCO would continue to administer the grant funds and manage the grant program. These projects are typically large scale with an average cost of about $1.2 million. The requested amount would fund about 8 projects.

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **3**

Meeting Date: August 2012

Title: Funding Requests made by the Department of Natural Resources related to Salmon Recovery

Prepared By: Brian Abbott, Section Manager

Approved by the Director: Kaleen Cottingham

Summary

The Department of Natural Resources will submit its 2013-15 biennial budget request for the Family Forest Fish Passage Program (FFFPP) to the Office of Financial Management in early September 2011. The Salmon Recovery Funding Board (board) is being asked to support DNR's funding request.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

Proposed Motion Language

Move to support the Department of Natural Resource's capital budget request of $10 million for the Family and Forest Fish Protection Program (FFFPP).

Family Forest Fish Passage Program

The Family Forest Fish Passage Program (FFFPP) is jointly managed by Washington Department of Natural Resources, Washington Department of Fish and Wildlife, and Recreation and Conservation Office. Staff briefed the board about the program in August 2011 and June 2012.

The 2012 Supplemental Budget included $10 million in additional funds for FFFPP. This funding was a significant increase, and came with the goal of completing about 100 crossing corrections by December 31, 2014.

DNR has indicated it will submit a capital budget request of $10 million for the program, and is asking the board to support the request. The request level is based upon existing landowner projects enrolled in the program and the number of new signups estimated by DNR for the funding cycle. The requested amount would fund about 100 projects.

Historic Funding Levels for FFFPP (all figures shown in millions)

Biennium	Amount Requested	Appropriation
07-09	$23.0	$6.0
09-11	$19.6	$5.0
11-13	$10.0	$6.0 $10.0 (Supplemental)

Over 500 small forest landowners have now enrolled in this program, creating a list of 824 eligible sites. As of August 1, 2012, 291 sites have received funding; about three-quarters of those projects are now complete. There are 533 sites that remain unfunded.

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **4**

Meeting Date: August 2012

Title: Funding Requests made by the Puget Sound Partnership related to Salmon Recovery

Prepared By: Megan Duffy, Executive Coordinator, GSRO

Approved by the Director: Kaleen Cottingham

Summary

The Puget Sound Partnership will submit its 2013-15 biennial budget request to the Office of Financial Management in early September 2012. The Salmon Recovery Funding Board (board) is being asked to support the Partnership's funding requests related to salmon recovery, as these funds are generally appropriated in the Recreation and Conservation Office's capital budget.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

Proposed Motion Language

Move to support the Partnership's capital budget request for salmon habitat and restoration grants in the Puget Sound Acquisition and Restoration program.

Move to support the Partnership's conceptual approach for distribution of grant funds for large projects.

Puget Sound Acquisition and Restoration Program

The Puget Sound Partnership (Partnership) will present information about their funding requests at the board meeting in August. This memo provides additional background information on the Puget Sound Acquisition and Restoration program.

Background

Puget Sound Acquisition and Restoration (PSAR) funds have been included in the state capital budget since 2009[1] to accelerate implementation of salmon recovery efforts in Puget Sound. These funds were requested by the Governor as part of her initiative to protect and restore Puget Sound by 2020. The Salmon Recovery Funding Board (board) distributes these funds to salmon projects in coordination with the Partnership and the Puget Sound Salmon Recovery Council.

Historic Funding Levels for PSAR (all figures shown in millions)

Biennium	Amount Requested	Appropriation
07-09	$100.0	$40.75
09-11	$55.0	$33.0
11-13	$55.0	$15.0

2013-15 Biennial Budget Request

The Puget Sound Recovery Council approved the attached proposal at their July 26, 2012 meeting. It included an amount for the request and a new process to develop a sequenced list of large capital projects across Puget Sound.

Funding request

The Partnership intends to request a total of $80 million for PSAR in the 2013-15 biennial budget. This request will be split into a $30 million grant round that will be allocated according to the formula used in the past and a $50 million grant round that will be dedicated to large, high-priority capital projects. These large projects cost more than salmon recovery watersheds are typically able to support through the standard funding processes and/or grant programs.

Unlike typical PSAR funding, the large projects would not require a specific match amount. Rather, the project scoring would give more points to projects that provide greater match. Many of these large projects have multiple funding sources, so the Partnership expects the match to average more than the 15 percent that is required by the Salmon Recovery Funding Board.

Large Project List Approach

For the $50 million portion of the request, the Puget Sound Salmon Recovery Council and the Puget Sound Partnership are developing a sequenced list of projects to fund as a regional package of habitat acquisition and restoration projects. Proposed projects should be ready to advance as soon as funds are available.

[1] In the 2011-13 budget, the fund was known as Puget Sound Restoration because acquisition projects proposed by state agencies were not eligible for funding.

The Recovery Council approved a process at its July 26 meeting to solicit proposals for priority projects from the Puget Sound lead entities. Projects will be reviewed and ranked at the September 27 Recovery Council meeting. The call for proposals and review criteria are attached.

The sequenced list approved at the September 27 meeting will be submitted to the Office of Financial Management as additional information for the 2013-15 PSAR funding request.

The Partnership is proposing that projects on the sequenced list be submitted in early 2013 through the established Salmon Recovery Funding Board process for early action PSAR projects (including steps taken by lead entities, the Partnership, and the RCO). Projects that pass local, regional and state review would be funded up to the funding cutoff line determined by the state legislature in the 2013-15 budget. If any project were flagged as a "project of concern" that could not be resolved, then funding would skip over that project and move down to the next project on the list.

Attachments

A. Puget Sound Recovery Council/Puget Sound Partnership Request for Proposals, August 1, 2012

PugetSoundPartnership
our sound, our community, our chance

STATE OF WASHINGTON
August 1, 2012

Request for Proposals

The Puget Sound Salmon Recovery Council with the Puget Sound Partnership is developing a sequenced list of large, high priority capital projects to fund as a regional package of habitat acquisition and restoration projects. Proposed projects should be ready to advance as soon as funds are available and cost more than what salmon recovery watersheds are typically able to support through the standard funding process. This sequenced list will be an important component of the 2013-2015 Puget Sound Acquisition and Restoration (PSAR) budget request. The Puget Sound Salmon Recovery Council has approved the approach, eligible project types, prerequisites and criteria listed below.

Each Puget Sound watershed may submit ***up to three*** projects by the deadline **August 31, 2012** using the proposal format below. Because of the project limit per watershed, project sponsors must work with their lead entity and have approval to apply. Please submit final proposals as a Word document or pdf with attachments via email to **psar@psp.wa.gov** (the email should be no more than 10MB with all attachments).

Eligible project types

- Restoration
- Acquisition
- Acquisition with restoration
- Design and permitting

Prerequisites for proposed projects

Each project must:

1. Address a high priority need identified in the watershed chapter or a regional recovery plan for Puget Sound Chinook or Hood Canal Summer Chum (including updates to the goals and strategies documented via the three-year work plan narratives).
2. Demonstrate significant benefit to one or more listed salmon populations and/or advancement of the plan/chapter (including updates via three-year work plans).
3. Require only funding for implementation (i.e. no other barriers with respect to authorizing environment or project implementation exist) and be consistent with lead entity priorities and/or the three-year work plan.
4. Project can begin during the 2013-2015 biennium. Implementation is defined as beginning work on one of the eligible project types above.
5. For restoration projects, at a minimum, a conceptual design as described in SRFB Manual 18 (Appendix D) will have been completed and meet all appropriate requirements as identified in the SRFB process.

Proposal elements

Please answer each question individually. The full proposal may not exceed 5 pages not including attachments (using at least 11 pt font). Please refer to the criteria below when answering #2-6.

Project details:
Organization name:
EIN/Tax ID:
City:
State:

Primary contact name:
Primary contact title:
Telephone:
Email:

Project name (as used in Prism/HWS):
Watershed/Lead Entity:
Grant amount being requested:
Total matching contributions:

Narrative:

1. Project overview:
   A. Describe the primary goal and objectives of this project.
   B. Describe the location of the project in the watershed, including the name of the water body(ies), upper and lower extent of the project, and habitat type (nearshore, estuary, main stem, tributary, off channel, or other location). Include vicinity and project maps as attachments
   C. Provide an overview of the current project site conditions and the nature, source, and extent of salmon recovery problem(s) that the project will address.
   D. Provide a detailed description of the project, including project size, scope, design, and how it will address the problems described above.
   E. Discuss how this project fits within the Puget Sound Chinook or Hood Canal Summer Chum recovery plans, three year work plans and/or local lead entity strategy to restore or protect salmonid habitat in the watershed (i.e., does the project address a priority action, occur in a priority area, address a key limiting factor)?
   F. Has any part of this project previously been reviewed or funded by the SRFB? If yes, please provide the project name and SRFB project number.
   G. Does this project have any opposition or barriers to execution outside of funding? Have members of the community, recreational user groups, adjacent landowners, or others been contacted about this project?
   H. (Optional) If not addressed in the previous answers, please describe how the project meets the other eligibility criteria/prerequisites.

2. How does this project make progress toward a Puget Sound Action Agenda target for protection or restoration of habitat (e.g. shoreline armoring, eelgrass, land cover and land development, flood plains, estuaries, or water quantity)? Describe which target(s) are impacted and how much progress will be made through implementing this project using the metrics (acres, miles, etc) provided in the attached Puget Sound Ecosystem Recovery Targets document.

3. How does this project address VSP parameters for listed salmon populations? Please describe the expected results to an improvement in abundance, productivity, diversity and/or spatial distribution for one or more populations from listed ESUs.

4. Describe the listed salmon and steelhead populations that would benefit from this project, including species, life history present at the site, ESA status, and life history targets for the project site.

5a.* For restoration projects, describe the level of design work that has been completed for the project. Refer to definitions of conceptual, preliminary and final design provided in Appendix D of Manual 18 for Salmon Recovery Funding Board Salmon Recovery Grants as you describe your level of design. What design work is still needed prior to construction? How confident are you in the cost estimate provided?

5b.* For acquisition projects, what stage of project development has been completed for the purchase? Is there a legally binding purchase option completed that is backed by an appraisal? Has the landowner indicated willingness to sell? How confident are you in the cost estimate provided? What type of acquisition is proposed (e.g. fee title, conservation easement)? Is the site in need of restoration that is not part of this request for funds? If so, briefly explain the restoration need and the planned timeframe for implementation. List structures on the property and any proposed modifications.

6. What level of match funding is available? For each matching contribution, the following information is requested:
Matching Contribution Amount
Matching Contribution Type
Matching Contribution Source
Matching Contribution Status (pending, secured, expires on XX date)
Matching Contribution Description/Notes

* For combined acquisition and restoration projects, please answer both questions.

Attachments:
- Include a vicinity map (8.5 x 11) showing the location of the project within Puget Sound and the watershed
- Include a project map(s) (8.5 x 11) showing details of the project location and important features
- Please do not include detailed design documents as attachments; describe the level of design completed in question 5a.

Review Process

Proposals must be received via email to **psar@psp.wa.gov** no later than 11:59pm (PST) on August 31, 2012. The review process will be conducted to sequence projects using the following steps:

1. PSP project staff review proposals for completeness and eligibility (Question 1). Proposals packaged and sent out to reviewers for scoring.
2. The following entities score proposals for sequencing: Recovery Council Executive Committee (Question 2), the Recovery Implementation Technical Team (Question 3), and the Watershed Leads (Questions 4-6).

3. The Executive Committee reviews and evaluates the sequenced list based on scores and develops recommendation for the full Recovery Council.
4. The Puget Sound Recovery Council will review and make a decision on the final sequenced list at the September 27 meeting.
5. The sequenced list is packaged for use by OFM, the Governor's office and the legislature as part of the full PSAR request of $80M for the region ($30M for the allocation formula and $50M for the sequenced project list).
6. Following final approval of funds by the legislature, project sponsors above the funding cutoff line will be notified and asked to complete a full SRFB application in PRISM for early decision in 2013.
7. Funding for the remaining projects on the list will be sought via other sources.

Criteria and Scoring Guidelines

Proposals will be evaluated using the following criteria:

- (30 points) Makes progress toward a Puget Sound Action Agenda target for protection and restoration of habitat, such as Shoreline Armoring, Eelgrass, Land Cover and Land Development, Floodplains, Estuaries, or Water Quantity.
    - (30): The proposal clearly describes how the project will significantly advance a at least one of the Action Agenda targets for protection and restoration of habitat in the region using quantitative metrics.
    - (0-29): points will be awarded depending on the degree to which progress is made.

- (30 points) Expected to result in an improvement in abundance, productivity, diversity, and/or spatial distribution for one or more populations from listed ESUs.
    - (30): The proposal clearly describes a significant improvement in one or more VSP parameters that will result if project is executed; the populations for which the changes are expected to occur are identified; the proposal documents a high level of certainty that the VSP parameters will improve as predicted, and the hypothesis is testable.
    - (0-29): points will be awarded depending on the degree to which the above criteria are present.

- (15 points) Benefits multiple listed salmon and steelhead populations
    - (15): Benefits five or more populations
    - (10): Benefits 3-4 populations
    - (5): Benefits 2 populations

- (15 points) For restoration projects* - Level of design work completed for project (as defined in SRFB Manual 18)
    - (15): Final design and permitting are complete.
    - (10): Final design is complete and permitting has begun.
    - (5): Preliminary Design is complete.

- (15 points) For acquisition projects* - stage of project development
    - (15): Legally binding purchase option completed, backed by appraisal.
    - (10): Price not established; landowner willingness indicated
    - (5): Specific parcels identified; positive discussions with landowners taking place

- (15 points) Match funding**
    - (15): Project sponsor can provide at least 15% match.
    - (10): Project sponsor can provide match from 6 to 14%.
    - (5): Project sponsor can provide 1 to 5% match.

*For acquisition and restoration projects, both criteria will be scored.

**Match will be defined using SRFB Manual 18 to include cash, bond funds, grants (unless prohibited by the funding entity), labor, equipment, materials, staff time, and donations. See http://www.rco.wa.gov/documents/manuals&forms/Manual_18.pdf.

Project scoring:

- Final scores will be represented as a percentage: Total score/Total possible, which differs based on project type.
- Tie Breakers:
    - Located in a jurisdiction with strong protection policies in place, such as an updated SMP with demonstrated salmon benefit.
    - Properties affected by restoration project are in some form of permanent status.

Questions/Contact information

Project sponsors must coordinate with the Lead Entity Coordinators for submission: http://www.psp.wa.gov/SR_lead_entities.php

Please contact the appropriate Ecosystem Recovery Coordinator at the Puget Sound Partnership with any questions:

Susan O'Neil (360) 464-1225 susan.oneil@psp.wa.gov
Lake Washington/Cedar/Sammamish, Green/Duwamish, Puyallup/White -Chambers/Clover, Stillaguamish, and Snohomish Watersheds

Tristan Peter-Contesse (360) 464-2002 tristan.peter-contesse@psp.wa.gov
Nisqually, South Puget Sound, West Sound Watersheds

Rebecca Ponzio (360) 464-2010 rebecca.ponzio@psp.wa.gov
Skagit, Nooksack Watersheds

Stacy Vynne (360) 464-2012 stacy.vynne@psp.wa.gov
Hood Canal Watershed

Scott Williamson (360) 464-2003 scott.williamson@psp.wa.gov
San Juan, North Olympic Peninsula Watersheds

****Submit final proposals to psar@psp.wa.gov by 11:59pm Friday, August 31, 2012****

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **5**

Meeting Date: August 2012

Title: Funding for the Strait of Juan de Fuca Intensively Monitored Watershed

Prepared By: Megan Duffy, Executive Coordinator

Approved by the Director: Kaleen Cottingham

Summary

At the August meeting, the Salmon Recovery Funding Board (board) will decide whether to continue to fund the monitoring element of the Strait of Juan de Fuca IMW through the remainder of the biennium. This memo provides the background information requested by the board for that decision.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

Proposed Motion Language

Continue to fund the Strait of Juan de Fuca IMW monitoring effort through June 30, 2013 at a cost of $206,462.

Background

In 2005, the Salmon Recovery Funding Board (board) began funding four Intensively Monitored Watershed complexes (IMWs) as part of its overall monitoring strategy. These IMWs are located in the Lower Columbia, Hood Canal, Skagit Estuary, and Strait of Juan de Fuca. The monitoring element of these IMWs is managed by the Department of Ecology.

In June 2012, staff from the Department of Ecology (DOE) presented preliminary monitoring data from the Strait of Juan de Fuca IMW to the board. The data were part of a broader discussion about monitoring overall, and a request for contract renewals. The data appeared to indicate that fish were not yet responding to the restoration efforts (i.e., placement of large woody debris) in the Strait of Juan de Fuca study area. The board agreed to continue monitoring through the summer field season, but asked DOE and Recreation and Conservation Office (RCO)

staff to return in August with additional information about whether to continue the IMW in the Strait of Juan de Fuca.

Decision Requested

The board will need to determine whether to continue funding beyond August 31, 2012 for IMW monitoring efforts in the Strait of Juan de Fuca Intensively Monitored Watershed.

The total cost of funding this IMW monitoring work through June 30, 2013 is $406,462. The board already has agreed to fund the effort at $200,000 to cover the 2012 summer field season. The board will need to determine if $206,462 should be allocated to continue the monitoring efforts through June 30, 2013.

Staff Recommendation for Strait of Juan de Fuca IMW Funding

Monitoring Component

Staff recommends that the board continue funding monitoring for the Strait of Juan de Fuca IMW effort through the end of the biennium at a cost of $206,462.

Restoration Component

At the May 2013 board meeting, the IMWs will be considered for their annual funding allocation. In preparation for that decision, staff recommends that the IMW Steering Committee[1] present answers to the following key questions at the board's February 2013 meeting:

1. Should the restoration component of the IMW be expanded with additional restoration in the treatment streams (i.e., implement side channel habitat projects instead of in-stream wood structures)[2]?
    - If so, does the Steering Committee recommend a timeframe for implementation?

2. If additional restoration projects were implemented, how long would the IMW monitoring work need to continue to detect a change based on a different restoration treatment approach?

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[1] The Steering Committee consists of representatives from: Washington State Department of Ecology, Washington State Department of Fish and Wildlife, Weyerhauser Co., NOAA Science Center, Lower Elwha Tribe, and Skagit River Cooperative.

[2] Restoration costs are not funded through the IMW program funding. Some may be funded through the regular board grant round and others may be funded through other sources.

Analysis

Purpose and Design of Intensively Monitored Watersheds

The purpose of the IMWs is to determine (1) if habitat restoration actions are producing more fish and (2) if restoration efforts can be improved to more positively affect fish. Conducting an IMW is one of the few monitoring approaches that can determine whether restoration activities are increasing production of fish at a watershed scale and establish specific cause (e.g., restoration action on a particular salmonid life history stage) and effect (e.g., increasing number of smolt outmigrants).

Each IMW includes two distinct elements: (1) designing and implementing restoration projects and (2) monitoring to determine if those restoration projects are making a difference. Under the board's IMW approach, restoration and monitoring are managed and funded separately. That is, restoration projects are funded through the board's watershed-based grant process (or through other funding sources), while the board's IMW monitoring program provides funding for the monitoring element.

The monitoring element consists of:

- Fish in-Fish out monitoring
- Project-scale effectiveness monitoring
- Watershed-scale status and trend monitoring, including water quality data, water flow, and water temperature
- Specialized measurements as needed to answer specific questions
    - For example, implanting Passive Integrated Transponder (PIT) tags into individual juvenile fish to track migration timing and estimate survival and escapement.

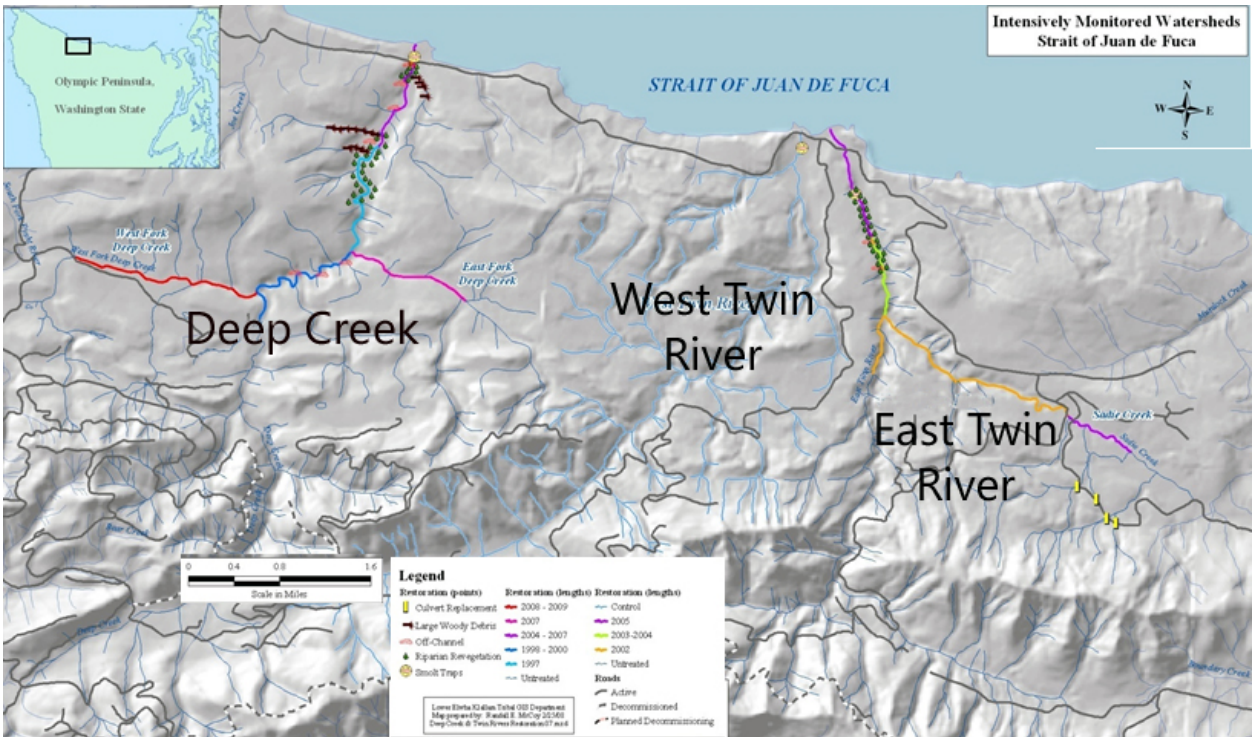
Monitoring needs to occur over long periods. DOE uses "power analyses" to determine how long monitoring should take place. Power analyses are a statistical tool that can estimate the time needed to detect a change based on the level of confidence, the magnitude of the expected change, and the variability in the data.

DOE conducted an initial power analysis as part of the Hood Canal study plan in 2006. They chose this IMW because it had a significant amount of pre-restoration data, which were needed to estimate the natural variation. In 2011, DOE had enough data to do a power analysis on the Lower Columbia IMW. The power analysis for the Strait of Juan de Fuca IMW was done in July 2012. Each of the three power analyses reached the same conclusion: 7 to 10 years of post-restoration monitoring would give the most valid information about the effectiveness of the restoration treatments.

Seven to 10 years also happens to reflect three typical coho life cycles[3]. The best professional judgment of DOE scientists indicates that this also is a good "yardstick measure" of the amount of time needed to account for natural variation in fish populations, as well as the length of time needed for habitat changes to occur and for fish to respond to those changes.

Strait of Juan de Fuca IMW

The IMW in the Strait of Juan de Fuca consists of East and West Twin Rivers and Deep Creek. Restoration projects were done in East Twin River and Deep Creek. The West Twin River had no restoration work done as part of the IMW, making it the control watershed. The study design compares the number of fish in the restored watersheds after the restorations to the number of fish in the control watershed.



The restoration component of the IMW addresses compromised habitat conditions. The goal is to reestablish the dominant physical processes that affected the identified limiting factors. These processes include:

- Reestablishing conifer-dominated, riparian forests;
- Reintroducing large woody debris to the main channels and some of the larger tributaries; and
- Creating or reconnecting off-channel habitat.

[3] A single coho life cycle begins with emergence in in late winter/early spring, residence in freshwater until the following spring, migration to saltwater and residence there for 18 months, followed by a return to freshwater to spawn.

For the IMW to test the effects of these changes on smolt production, two conditions must be met.

1. First, enough projects must be implemented to cause an increase in smolt production that can be detected above normal variation.
2. Second, the monitoring program must be able to detect the anticipated response over a reasonable timeframe.

With regard to the first condition, significant restoration work has occurred in the East Twin River and Deep Creek; as noted above, none occurred on the West Twin River as part of the IMW effort because it is the control location. The main restoration treatment has been in-stream large wood placement in the main channels. For purposes of the IMW, the high priority restoration projects were completed in 2011 in East Twin River and will be completed in 2012 in Deep Creek. Other restoration projects also have been completed since 2006.

With regard to the second condition, the power analyses noted above have indicated that monitoring must be done for 7 to 10 years after the restoration treatments were completed for changes to be statistically detectable. Based on this study, and the fact that sufficient projects will be completed by the end of 2012 to make the IMW approach scientifically valid, it follows that IMW monitoring would need to be in place through at least 2019 for the greatest confidence in the data.

Preliminary Results

As noted in June, preliminary graphical analyses suggested that the fish were not yet responding to the in-stream large wood placement. The high priority restorations were only recently completed, however, so confidence in the results among scientists is low.

While DOE would have expected to see early signs of restoration success (a numeric if not statistically significant response in smolt numbers), more time is needed to determine whether the restoration efforts will produce the intended habitat improvements and whether the fish will respond to them.

Further, the tagging studies in this IMW have shown that both spring and fall migrants are present. Spring migrants stay in freshwater through the winter, and then migrate to sea in May or June; their life history is the one that is typically studied and monitored. These fish make up only 25 percent of the smolts leaving the stream, but the majority of the adults returning to spawn. Fall migrants move out to sea in the fall when they are less than one year old. Although they make up 75 percent of smolts leaving the stream, they are only 37 percent of the adults returning to spawn. Spring and fall migrants could have very different factors that limit their survival in freshwater, but at this time, the preliminary data record is too short to provide useful information about restoration effectiveness for fall migrants.

IMW Steering Committee Discussion

The IMW Steering Committee met on July 19, 2012 to discuss the board's request that it review the IMW and determine if funding for the monitoring efforts should continue. The Steering

Committee agrees that it is too early, and that there is too little data, to draw statistically-defensible conclusions about the effectiveness of restoration in the Strait of Juan de Fuca complex. Additional monitoring – likely 7 to 10 years based on the power analyses -- will increase the certainty of the results and usefulness of the information.

The Steering Committee also noted that the results from this complex will have important implications for restoration throughout the state for two reasons. First, large wood additions are a common restoration technique used throughout the state and it is important that we understand how and when these projects affect fish populations. Second, nearly all coho restoration efforts assume that the population is composed entirely of 'typical' fish, with respect to their life history strategy. If multiple life histories (e.g. the fall migrants and spring migrants seen in the Strait of Juan de Fuca complex) are common in other streams, then restoration efforts should take this into account.

Additional Restoration Work

At the June board meeting, there was some discussion of adjusting the restoration approach in response to the preliminary data presented. Staff has recommended that the IMW Steering Committee take up the question of whether the restoration approach should be adjusted and if so, how and what would be the impact on the monitoring element of the IMW. The board will hear from the IMW Steering Committee on this issue at its February 2013 meeting in preparation for annual monitoring funding decisions. At that time, the board also would need to consider whether the financial and other resources exist to implement the additional restoration projects in a timely manner.

North Olympic Peninsula Lead Entity for Salmon

Clallam County Courthouse
223 E. Fourth Street, # 5
Port Angeles, WA 98362

8-20-2012

Dear Washington Salmon Recovery Funding Board Members,

We would like to weigh in on the request before you regarding whether to continue monitoring funding for the Strait Intensively Monitored Watershed (IMW) effort underway west of Port Angeles in rural Clallam County. We believe in the importance of this ongoing monitoring study of the effects of habitat restoration on fish production by the Lower Elwha Klallam Tribe in partnership with an IMW study team. We think it will yield significant information which will be beneficial not only locally, but to other salmon recovery efforts elsewhere in Washington.

Because of that, our lead entity has chosen to support paying for the latest round of treatment recommended by the IMW. That included directing almost $500,000 of our 2010 funding allocation towards installing additional wood as the IMW study group indicated was needed. Additional wood was placed in 2011, with more wood scheduled to be added in 2012.

It was our understanding when the IMW program began, that there was support for studying the Straits IMW for at least a decade. We are only partway through the previously defined study period. In addition, only preliminary analysis of the overall data has been completed by the study team. Not only has the information not been thoroughly analyzed, but the current data is incomplete in that it does not even cover two complete coho life cycles. This reduces the project's overall effectiveness and compromises the ability to draw conclusions and learn from the work which has been done.

We think the study team would be hard pressed to locate a similar situation elsewhere and that the three Basins(East Twin, West Twin and Deep Creek) in the Strait of Juan de Fuca complex are ideal for the control, and testing needed as part of the IMW study. While monitoring is expensive, the cost, when compared in total to what is being spent on restoration, is not out of line. We need more comprehensive monitoring in order to better understand the results of our actions and adjust our future steps accordingly.

We would not support this effort if we felt money was being wasted or that good money was being thrown after bad. We do not see that scenario here and respectfully ask you, the Washington Salmon Recovery Funding Board; to support the program funding request to continue work in the Strait IMW.

Sincerely,

Cheryl Baumann

Cheryl Baumann, On behalf of the N.Olympic Lead Entity for Salmon, 360/417-2326

United States Department of Agriculture
Forest Service
Olympic National Forest
1835 Black Lake Blvd SW Suite A
Olympia, WA 98512
(360) 956-2300
FAX: (360) 956-2330

File Code: 2670
Date: August 7, 2012

Bud Hover, Chair
Salmon Recovery Funding
1111 Washington Street S.E.
P.O. Box 40917
Olympia, WA 98504-0917

Dear Bud;

The Olympic National Forest strongly supports the continuation of the Intensively Managed Watershed program in the East/ West Twin and Deep Creek watersheds to evaluate the effectiveness of restoration projects at the watershed scale. Between 2000 and 2007 the Forest decommissioned almost 25 miles of unneeded roads in these watersheds to reduce the potential for landslides and the associated debris torrents and sedimentation. We expended over $1 million in Forest Service funds and $250,000 in SRFB grant funding to complete this work. We have also completed substantial work in these watersheds to upgrade the remaining Forest Service roads to improve hydraulic function and stability and reduce the potential to create washouts and debris torrents during storms.

Our roadwork and upland improvements complement the instream restoration work being completed in the lower watersheds by the Lower Elwha Klallam tribe.

We are eager to understand the effects of these combined restoration actions at the watershed scale. We recognize that the full benefits of restoration typically do not occur immediately. We urge the SRFB to maintain full funding for the Strait of Juan de Fuca Intensively Managed Watershed for the 10 year post-project period that was initially envisioned for these monitoring studies.

Sincerely,

/s/Amanda G, McAdams
AMANDA G. MCADAMS
Acting Forest Supervisor
Olympic National Forest

Coleman Byrnes
P.O. Box 3231
Port Angeles WA 98362
360-928-1032
swampdog@olympus.net

Salmon Recovery Funding Board
Recreation and Conservation Office
1111 Washington St. S.E.
Olympia, WA 98501

Salmon Funding Recovery Board

I am writing to you to state my support for continued funding of Intensively Monitored Watersheds in WRIA 19. Specifically I would like to see the ongoing studies that are taking place on Deep Creek and the West Twin Rivers receive the funding needed to assure their continued existence. Such funding is important for the following reasons.

A lot of money is spent on salmon recovery projects, and in my opinion, post project effectiveness monitoring is of vital importance. Does a specific project do what it was meant to do? Only post project monitoring will elicit that answer. How does one separate the various factors that effect fish production in an enhanced stream? Is lack of production in a stream due to the failure of enhancement projects or could other factors such as winter storms or geological processes in the watershed be the cause of low numbers? Only long term monitoring will give us the answers to questions of this sort. The West Twin and Deep Creek projects can possibly answer these questions.

Unlike the Dungeness and the Elwha, which originate from glaciers and snow banks WRIA 19 streams are rain fed. WRIA 19 streams needs to be studied as a separate ecological and geographic entity. Data from the West Twin and Deep Creek study provides valuable information concerning the streams of the Western Strait.

Compared to other areas, WRIA 19 is under studied. The Clallam County Public Utility District rejected the WRIA 19 management plan because of a supposed lack of supporting data. The Department of Ecology, due to budgetary restraints, has cut back its monitoring stations in this area. To end the Intensively Monitored Watershed Programs on Deep Creek and the West Twin River would only make this problem worse.

To end the study before long term trends have been determined would be a waste of tax payer's money and researcher's time.

Thank You

Coleman Byrnes

From:	Connie Gallant
To:	Connolly, Rebecca (RCO); Duffy, Megan (RCO)
Subject:	Continued Funding WRIA 19 projects
Date:	Wednesday, August 22, 2012 6:24:05 PM

Salmon Recovery Funding Board

Recreation and Conservation Office

1111 Washington St. S.E.

Olympia, WA 98501

I am writing to state my support for continued funding of Intensively Monitored Watersheds in WRIA 19. Specifically I would like to see the ongoing studies that are taking place on Deep Creek and the West Twin Rivers receive the funding needed to assure their continued existence. Such funding is very important to the monitoring process.

To end the study before long term trends have been determined would be a waste of taxpayer's money and researcher's time.

Thank you,

Connie Gallant
PO Box 490
Quilcene, WA 98376

From:	Marcy J. Golde
To:	Connolly, Rebecca (RCO)
Subject:	WRIA 19
Date:	Wednesday, August 22, 2012 2:06:36 PM

Please continue funding for the Intensively Monitored Watershed studies in WRIA 19. These are studies of the effectiveness of enhancement projects and are extremely important. West Twin and Deep Creeks are the sites. I would be a shame to loose usefulness of the data already collected.
Marcy Golde

Marcy J. Golde
116 Fairview Avenue N, Apt. 428
Seattle, WA 98109
TEL 206-254-1633
email: Marcy@Golde.org

"Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it's the only thing that ever has."
Margaret Mead

From: sue Nattinger
To: Connolly, Rebecca (RCO); Duffy, Megan (RCO)
Subject: SRFB funding of WRIA 19 projects
Date: Tuesday, August 21, 2012 9:58:33 PM

Please continue funding for the Intensively Monitored Watershed Programs on Deep Creek and West Twin River . Data from the West Twin and Deep Creek study provides valuable information about the streams of the Western Strait. Thank-you, Susan Nattinger

From: John Woolley [mailto:woolley@tfon.com]
Sent: Tuesday, August 21, 2012 3:00 PM
To: Duffy, Megan (RCO)
Subject: WRIA 19 Funding

Duffy

I hear concerns regarding defunding of studies on the West Twin and Deep creeks.

We need these studies to continue, as we are making a good start at drawing attention to this rural area.

Please continue to fund these projects along the western Straits.

Thank you,

John Woolley, president
Olympic Forest Coalition – OFCO
Sierra Club North Olympic Group, co-chair

1606 E. Sequim Bay Rd.
Sequim, WA 98382
360-683-0724

From: John Woolley [mailto:woolley@tfon.com]
Sent: Tuesday, August 21, 2012 2:55 PM
To: Connolly, Rebecca (RCO)
Subject: WRIA 19 - do not de-fund

Rebecca

Please continue our work on West Twin and Deep creeks. We are making good progress.

Rural communities merit projects, too.

Thank you,

John Woolley, president
Olympic Forest Coalition – OFCO
1606 E. Sequim Bay Rd.
Sequim, WA 98382
360-683-0724

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **6**

Meeting Date: August 2012

Title: Funding for Projects that are Part of the Lower Columbia Intensively Monitored Watershed

Prepared By: Megan Duffy, Executive Coordinator

Approved by the Director: Kaleen Cottingham

Summary

At its June 2012 meeting, the Salmon Recovery Funding Board (board) voted to provide funding for the Lower Columbia IMW monitoring effort through June 30, 2013. The board also agreed to discuss at its August meeting whether to allocate funding to the Lower Columbia IMW effort to help ensure that restoration projects are implemented.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

Proposed Motion Language

Staff continues to support the recommendation made in June, which is currently identified as option 1. This would not require the board to make a motion.

Background

The Salmon Recovery Funding Board (board) funds four intensively monitored watershed (IMW) complexes: Skagit, Hood Canal, Strait of Juan de Fuca and the Lower Columbia.

Each IMW includes two distinct elements: (1) implemented restoration projects and (2) monitoring to determine if those restoration projects are improving habitat conditions and fish abundance and productivity. The restoration and monitoring elements are managed and funded separately.

- Restoration projects can be funded through many sources, including the board's watershed-based grant process.
- The board funds the monitoring element as part of its overall monitoring program.

June 2012 Lower Columbia IMW Funding Decisions

In June 2012, as part of a broader discussion of funding for monitoring programs, staff recommended reduced monitoring funding for the Lower Columbia IMW. The recommendation was based on the following findings:

- restoration actions had not taken place in a timely manner;
- there was a significant gap between available funding and the amount needed to complete the remaining restoration actions.

The board did not accept the staff recommendation. Instead, the board approved full funding to continue the monitoring in the Lower Columbia IMW complex, and asked staff to return in August with options for funding the necessary restoration work in Abernathy Creek, as described in the June staff memo (Item 9, June 2012 –relevant language below).

> ***Ensure adequate levels of funding to maintain some, but not all, elements of the IMW.*** *This approach would eliminate the planned habitat restoration projects in Germany Creek but continue restoration project implementation in Abernathy Creek. This would reduce the need for project funding from about $4.5 million to $2.0 million over the next three years. The monitoring and nutrient enhancement elements also would be continued under this option at an approximate cost of $446,180.*
>
> *The Lower Columbia Fish Recovery Board has indicated that they would consider providing 20-25 percent of the total (about $500,000) over the next three years depending on PCSRF funding levels and its annual allocation from the board. WDFW committed to trying to identify the $1.5 million needed to close the gap in funding.*

At its June meeting, the board indicated that it would consider allocating board funds to the Lower Columbia to implement the necessary restoration work in Abernathy Creek.

Decision Requested

The decision before the board is whether to allocate specific funds for restoration projects in Abernathy Creek, in the Lower Columbia IMW, outside of the ordinary project allocation and if so, from what source.

Staff continues to support the recommendation made in June, which is currently identified as option 1 below.

Analysis

The Lower Columbia IMW program addresses the subbasin complex that includes Mill, Abernathy, and Germany Creeks.

The original restoration treatment plan (plan) identified potential restoration projects in Abernathy and Germany Creeks. The plan called for three phases of restoration project implementation, with each phase composed of 20 restoration projects. It was later determined

that implementing only the Phase I projects would generate enough fish abundance and productivity changes for IMW monitoring.

There are eleven projects identified in Phase I of the plan for Abernathy Creek. The estimated cost for implementing these 11 projects is $2.6 million.

- Two projects (Abernathy 1A and 2A) will be funded through the Estuary MOA with the Bonneville Power Administration, the Army Corps of Engineers, and the State of Washington.
- One project – Abernathy 9G – was funded through the board's 2011 grant round (projects 11-1386 and 11-1329).
- Two are likely to be proposed during the board's 2012 grant round. The first, Abernathy 5A (RCO #12-1333) is likely to be funded. The second, Abernathy 10B (RCO #12-1672) will be submitted as an alternate, meaning it will receive funding only if another project does not proceed within one year.

This means that of the eleven projects, only four are likely to be funded by the end of 2012. Of the seven remaining, staff is aware of only one -- the project submitted as an alternate in the 2012 grant round – that will be ready to proceed in 2013.

Options for Funding the Lower Columbia

The total funding needed to complete the remaining seven restoration projects in Abernathy Creek is estimated to be $2.0 million. The Lower Columbia Fish Recovery Board has indicated that they would consider providing 20-25 percent of the total (about $500,000) over the next three years. This leaves a $1.5 million funding gap, or about $500,000 per year for three years.

Staff has identified the following options for addressing this funding situation.

1. Proceed as originally proposed in June, with WDFW filling the funding gap.

2. Encourage restoration projects to come through the regular grant round, with no extraordinary funding provided or allotted by the board.

3. Provide the funds to address the $1.5 million gap by reallocating $500,000 of returned funds each year for the next three years.

4. Provide the funds to address the gap with federal funds or state capital funds before allocating the remaining funds to the regions via the established formula.

5. Allow the Lower Columbia region to reallocate any of its returned funds to projects on the IMW restoration list.

6. Adjust the regional allocation formula, either overall or within the Columbia Basin, so that the Lower Columbia region receives a greater share of the project funds during the regular grant round beginning in 2013 for three years.

Details of the Options

Option 1: Proceed as originally proposed in June, with WDFW filling the funding gap.

WDFW has previously committed to trying to fill the gap over the course of the next year. The board can allow WDFW to attempt to address the funding shortage. If WDFW is unable to address the gap, the board may reconsider its decision to continue fund the IMW at the May 2013 monitoring funding meeting.

> Advantages: The board would not need to allocate its funds to address the gap in project implementation. If WDFW is successful, the IMW will advance over a reasonable period of time and the IMW will produce information that would inform salmon recovery efforts statewide.
>
> Disadvantages: The IMW habitat restoration work could be delayed by another year if WDFW is unable to secure the funds. The board would need to address the question of the future of the Lower Columbia IMW at its May 2013 meeting.

Option 2: Encourage restoration projects to come through the regular grant round, with no extraordinary funding provided or allotted by the board.

The board would reassess the progress of the Lower Columbia IMW at the board's May 2013 meeting when monitoring contracts decisions will be made for the next year.

> Advantages: Does not require board funds to be specifically allocated for restoration projects in the Lower Columbia IMW outside of the normal allocation formula.
>
> Disadvantages: Does not advance the IMW, and continues the status quo of the Lower Columbia IMW. The board would need to address the question of the future of the Lower Columbia IMW at its May 2013 meeting. Based on previous grant rounds, it is unlikely that sufficient funding would come through the regular grant round process, since Mill/Abernathy/Germany subbasin is only one subbasin out of 18 in the Lower Columbia competing for restoration funds.

Option 3: Provide the funds to address the $1.5 million gap by reallocating $500,000 of returned funds each year for the next three years.

Sponsors typically "return" about between $2 to $4 million to RCO each year from projects that come in under budget or are unable to proceed. Under this proposal, $500,000 of the returned funds would be dedicated to projects in the Lower Columbia IMW each year for three years.

Under current board policy, $500,000 is set aside to cover project cost increases. Any remaining returned funds are used rolled into the next year's grant pot to maintain the highest possible amount for the grant rounds, programmatic projects, special projects such as the Salmon Recovery Conference, and capacity funding (i.e., lead entities and regional organizations). In

2012, the returned funds are allowing for the 2012 grant round funding to be at an $18 million level, despite lower than anticipated PCSRF funds. Without the returned funds, the grant round in each year would be much lower. Any effort to divert returned funds lowers the next year's project funding level.

> Advantages: The Lower Columbia IMW work would proceed over a reasonable period of time and the IMW would produce information that would inform salmon recovery efforts statewide, thereby taking advantage of previous investments in the IMW.
>
> Disadvantages: If funds are dedicated from this source, there will be less funding available for the 2013-2016 (and potentially, subsequent years) grant rounds, as well as the other board authorized uses identified above. Given the reduced federal funds, and the uncertainty of future state and federal funds, this option continues to reduce the pot of funding available for both projects and capacity.
>
> Other Considerations: See note below regarding the project selection process.

Option 4: Provide the funds to address the gap with federal funds or state capital funds before allocating the remaining funds to the regions via the established formula for the next three years.

The net effect of this option would be to reduce the overall project grant round by $500,000 for the next three years (2013-2016). The funds in the grant round would be distributed according to the existing allocation formula.

> Advantages: The Lower Columbia IMW work would proceed over a reasonable period of time and the IMW would produce information that would inform salmon recovery efforts statewide, thereby taking advantage of previous investments in the IMW.
>
> Disadvantages: This would reduce the amount of project funding available to other regions in the state, and could be considered a precedent for top-down distribution of board funds.
>
> Other Considerations: See note below regarding project selection process.

Option 5: Allow the Lower Columbia region to reallocate any of its returned funds to projects on the IMW restoration list.

The board could allow the region to reallocate its returned funds to projects on the IMW restoration list to address the funding gap. The Lower Columbia Region has returned about $560,000 since state fiscal year 2008, an average of about $125,000 per year.

> Advantages: The Lower Columbia IMW work would proceed, albeit at a slower pace than it would with a $500,000 per year investment.

Disadvantages: This would reduce the amount of overall returned funds available for statewide purposes, as described above, and could be considered a precedent for regional reallocation of unused funds.

Other Considerations: See note below regarding project selection process.

Option 6: Adjust the regional allocation formula, either overall or within the Columbia Basin, so that the Lower Columbia region receives a greater share of the project funds during the regular grant round beginning in 2013 for three years.

The Lower Columbia region currently receives about 15 percent of the available project funds in each grant cycle. The Columbia Basin regions together receive about 45 percent of the available project funds. The board could opt to adjust the regional allocation formula so that the Lower Columbia region receives a greater share of the project funds for three years, with the expectation that a minimum of $500,000 be dedicated to IMW restoration projects.

Advantages: The Lower Columbia IMW work would proceed over a reasonable period of time and the IMW would produce information that would inform salmon recovery efforts statewide, thereby taking advantage of previous investments in the IMW.

Disadvantages: This would reduce the amount of project funding available to other regions in the state. The current allocation formula has worked well for several years, and changing it without careful deliberation and stakeholder participation could have unintended consequences.

Project Selection Process

If the board dedicates specific funding or allows the region to reallocate returned funds for restoration projects in the Lower Columbia IMW, it also will need to decide the process for bringing the projects forward. Options include:

1. Bringing projects through the traditional grant process and timeline, beginning with the 2013 grant cycle.
2. Allowing the projects to be brought forth based upon the best timeline as determined by the regional organization, but still requiring local and state technical review.

From: Steve Martin
To: Connolly, Rebecca (RCO); Abbott, Brian (RCO)
Subject: comment to the Board
Date: Wednesday, August 22, 2012 10:55:52 AM

I ask that the following comments be provided to the board in whatever form is most appropriate - read by someone, put in their packet (probably too late for that) or attached to a public comment form.

Chairman Hover,

Please consider my comments to the Salmon Recovery Funding Board regarding the Lower Columbia IMW.

I appreciate the LCFRB's effort to leverage multiple funding sources and partners to advance their IMW as far as they have. I understand existing partners have maximized their investments and that the project is in need of additional funding. The SRFB is faced with a decision to determine whether or not to provide dedicated funding, and if so at what level and from what source for the restoration projects.

I encourage the SRFB to conclude that this IMW, in its revised design, is very important to continue. Presuming that is the conclusion, the Board should work with NOAA, WDFW, LCRFB and possibly other partners to secure the necessary funding for the restoration actions. I believe the restoration actions aren't scheduled until 2013 so there is time to assess the level of support from NOAA, WDFW, and others to partner with the Board on funding the restoration actions. A decision to decide the level and source of any SRFB funding for the restoration projects should be avoided until this assessment is conducted.

Respectfully submitted,

Steve Martin
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410 E Main
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509-382-4115

WASHINGTON STATE RECREATION AND CONSERVATION OFFICE
Salmon Recovery Funding Board

Salmon Recovery Funding Board Briefing Memo

Item **7**

Meeting Date: August 2012

Title: Liability Legislation

Prepared By: Steve McLellan, Policy Coordinator

Approved by the Director: Kaleen Cottingham

Summary

This memo provides a report on proposal to introduce legislation protecting property owners from liability claims related to salmon recovery projects

Board Action Requested

This item will be a:

- ☐ Request for Decision
- ☐ Request for Direction
- ☒ Briefing

Background

During the 2012 legislative session, HB 2597 (Attachment A) was introduced through efforts of the Upper Columbia Salmon Recovery Board, Yakama Nation, and the Washington Association of Conservation Districts (WACD). The bill would have provided immunity from liability for fish habitat enhancement projects, including large woody debris installations. It was developed in response to growing concerns that potential liability may cause private landowners and project sponsors to avoid important salmon recovery projects, or that the process of project review may become excessively long, again due to liability concerns. While the bill did not receive a hearing, it was the subject of a work session in the House Agriculture and Natural Resources Committee, chaired by Representative Brian Blake.

The work session was well received and stakeholders have continued discussions during the 2012 interim. It currently appears that legislation may be pursued by the Washington Association of Conservation Districts (WACD) in the 2013 session, using the established Oregon liability statute as a model. We expect to see draft language in September. State agencies, including RCO, will provide information and support but will not lead the effort with formal request legislation. Staff will provide an update on the status of this effort at the August 23 meeting.

Attachments

A. HB 2597