

SALMON RECOVERY FUNDING BOARD MINUTES REGULAR MEETING

December 10-11, 2009 • Natural Resources Building Room 172 • Olympia, Washington

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.

Thursday, December 10

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

Steve Tharinger (Chair)	Clallam County
Harry Barber	Washougal
David Troutt	DuPont
Don "Bud" Hover	Okanogan County
Carol Smith	Designee, Conservation Commission
Scott Anderson	Designee, Department of Transportation
Sara LaBorde	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources

MEETING CALLED TO ORDER

Chair Tharinger opened the meeting at 9:13 a.m. and determined that the Salmon Recovery Funding Board (board) met quorum.

Chair Tharinger thanked Senator Patty Murray for working to secure \$80 million for Pacific Coast Salmon Recovery Fund (PSCSRF) in conference committee. He noted that Senator Murray is a champion for salmon recovery and the board's grant program. Kaleen suggested that the board send a single letter to formally thank her and invite her to be the keynote speaker at the 2011 Projects Conference. Board members concurred. Chair Tharinger encouraged project sponsors and the grassroots connections to thank Senator Murray.

Chair Tharinger presented the agenda. The board approved the December 2009 agenda as presented.

David Troutt MOVED to approve the October minutes as presented. Bud Hover SECONDED. The board APPROVED the October minutes as presented.

Management and Partner Reports

MANAGEMENT STATUS REPORT

Steve McLellan reviewed highlights of the policy memo. Policy staff completed a report and assessment of watershed planning and salmon recovery work to meet the requirements of State House Bill 2157. Policy staff is also working on a report evaluating different land preservation mechanisms.

The 2010 legislative session begins January 11, 2010 and can be characterized as "all budget, all the time." The Recreation and Conservation Office and the Puget Sound Partnership will be directed to

share back office services, such as information technology, human resources, and fiscal services, and achieve savings by the end of the biennium. Steve M. also noted that agencies under 176 people will have back office functions performed by the Office of Financial Management small agency client services sections.

Natural Resources Reform

The Natural Resources Committee hopes to develop a "One Front Door" Approach, for permitting, grants, and contracts that will be modeled after the Department of Licensing's master business license. There also are efforts to (1) streamline environmental permitting, (2) establish a single set of regional boundaries for State Parks, the Department of Natural Resources, and the Department of Fish and Wildlife, and (3) streamline environmental appeals.

Chair Tharinger suggested that the salmon recovery regions could be an option for universal regional boundaries. Kaleen Cottingham responded that the recovery regions were part of the recommendation, and the board had communicated that they should not be bifurcated. Craig Partridge added that the regions were the best model presented.

Bud Hover asked if there will be a "one stop shopping" permitting model, noting that obtaining permits from different agencies holds up projects. Steve McLellan responded that at the approach will consider programmatic permits compared to multi-agency permits.

Board Work Plan

Steve McLellan presented the board's 2010 work plan, referring to it as a roadmap for the four scheduled board meetings in 2010. Kaleen Cottingham reminded the board that the work plan is a work in progress, and can change as assignments come to the board.

Chair Tharinger asked the board for comments, and called attention to the written comments submitted by board member Bob Nichols. Kaleen noted that Nichols' memo reminds the board not to lose track of infrastructure and efficiencies issues when discussing scoping and board priorities. She asked policy staff to add the question, "What is the role of the Salmon Recovery Funding Board?" to the work plan.

Bud Hover noted that he would like to see the board's work plan include supporting the regions on all-H (hatchery, habitat, hydropower, and harvest) coordination work. Sara LaBorde added that the all-H coordination coincides with the Hatchery Scientific Review Group implementation plans.

Budget Update

The advance materials included a memo from Chair Tharinger stating that the Office of Financial Management (OFM) asked RCO to do a general fund budget reduction exercise that would increase the total cut from two percent to ten percent. The memo shared the RCO's budget exercises and asked the board (1) how to take the cuts and (2) whether to backfill the cuts with federal dollars that would have otherwise been used for projects.

Rachael noted that there is a \$2.6 billion shortfall, which is eight percent of the state's general fund state budget. She explained that about 70 percent of the budget is protected by the constitution, so the legislature is looking at 30 percent of the state budget to make up the shortfall. The capital budget also offers complications because falling revenues affect the debt limit. The state cannot buy new bonds if it would cause the total debt to go over the 9 percent limit set by the constitution. The Office of Financial Management stated that if the next revenue forecast (February 18) projects revenues dropping another \$250 million, the state will not be able to buy the next round of bonds.

Chair Tharinger asked if a project's financial obligation is locked by a signed contract. Rachael responded that budget considerations supersede the contract, and the RCO could cancel contracts. Kaleen added that budget writers would look at funds that have been appropriated, but are not under contract; as of this meeting, that is \$18 million. She noted that these state funds match federal dollars. It's very important to get the contracts signed because that obligates the funds. If the budget requires cuts, projects that are not under contract will lose funding first, followed by contracts that have not had any expenditures.

Chair Tharinger asked what this means on the ground. Kaleen responded that it is worthwhile to talk about the term "shovel ready" in February during the scope discussion. A number of projects are not "shovel ready" because they need permits. Bud Hover noted that it is difficult to have "shovel ready" projects without secure funding. Chair Tharinger suggested that the February discussion include what the budget cuts mean as far as the board's process.

Rachael noted that the board's discussion provided a background for RCO's two percent reduction exercise. During the two percent exercise, a few key vacancies allowed RCO to take a higher amount from a few programs, and spread the rest of the cuts from other programs. The eight percent exercise was not as easy because the vacancies were filled. Kaleen noted that the lead entities took less than a proportionate cut because RCO offered half of an FTE in the Governor's Salmon Recovery Office. Rachael added that the Senate asked RCO to provide exercises showing 10 percent and 20 percent cuts. Kaleen noted that RCO's general fund state budget is relatively small at \$3 million.

Chair Tharinger promoted activism to get the story out to the legislators about the importance of salmon recovery programs. Bud Hover added that the dollars affect jobs in the local economy, as well as the habitat benefits. Kaleen encouraged project sponsors to spend the money quickly, and get it on the ground as fast as they possibly can, because the money is vulnerable.

Harry Barber asked about the redundancy of the Review Panel and the local Technical Advisory Committees in Rachael's memo. Kaleen responded that the Review Panel was set up to protect the state's investment in resources, and noted that Megan Duffy would address the intersection of the local and the board's processes in her SHB 2157 briefing.

SALMON RECOVERY MANAGEMENT REPORT

Governor's Salmon Recovery Office

Phil Miller provided an update on the Federal Columbia River Power System Biological Opinion (BiOp). The judge heard arguments on the adaptive management implementation plan (AMIP) presented by federal agencies in September, responded favorably, and has asked for a briefing schedule for incorporating the AMIP into the BiOp. Briefings will be heard through December and January. Federal agencies are moving forward with implementing the BiOp.

Puget Sound lead entity grant amendments, which consolidate Puget Sound Acquisition and Restoration (PSAR) capacity funds and the National Estuary Program (NEP), are proceeding in a timely fashion. Most, if not all amendments, will be completed by the end of 2009.

Grant Management

Brian Abbott noted that RCO staff is modifying PRISM with the Pacific Coast Salmon Recovery Fund (PCSRF) new metrics. RCO is over halfway through the effort, and staff is meeting with National Oceanic

and Atmospheric Administration (NOAA) next week. The modification will be ready by the first of the year for the next grant round, and is accessible to RCO staff, lead entities, and regions.

Monitoring Forum

Ken Dzinbal stated that the Forum on Monitoring Salmon Recovery and Watershed Health (Forum) met on December 2. They took action on four policy issues that have implications for the board:

- Adopted high level indicators for watershed health;
- Developed a draft letter to the legislature about their success in adopting indicators for salmon and watershed health and that they were next set to adopt the protocols for collecting data for the measures and metrics for the indicators.
- Discussed two proposals for monitoring contracts, and approved a recommendation that the SRFB allocate the remaining PCSRF monitoring dollars to: 1) remote sensing, and 2) data management enhancement for the existing status and trends effort.
- Discussed a workshop to address issues surrounding Intensively Monitored Watersheds (IMW) and committed that forum members would serve on a steering committee to craft the content of the workshop. Ken invited board members to participate on the steering committee, and David Troutt volunteered.

REPORTS FROM PARTNERS

Council of Regions (COR)

Steve Martin reviewed the COR report in the notebooks, thanked staff for soliciting input for Manual 18, and noted the letters sent to the Governor and Senator Murray. He noted that Jeff Breckel represented the Council of Regions at the recent Monitoring Forum meeting. In addition, Alex Conley and Jeff Breckel have been very involved, on behalf of COR, in the Columbia Basin update to integrate Viable Salmonid Populations (VSP) parameters with the BiOp..

Chair Tharinger noted that in the challenging budget period, regions have an opportunity to incorporate broader ecosystem health efforts within the existing organizational structure.

Lead Entity Advisory Group

Richard Brocksmith distributed the December 3 Lead Entity Advisory Group (LEAG) meeting notes. Richard highlighted LEAG's five suggestions for Manual 18:

- Lead entities would like to provide more input during project review (e.g. ,30% design involving lead entities)
- LEAG is concerned with the proposed language in Manual 18 regarding acquisition reforms, such as the new policy that requires a plan for lands that do not have intact habitats.
- Lead entities would like the Review Panel process to be streamlined and better align with local technical review teams.
- Lead entities see a need for database streamlining to improve how data is managed and published for the public.
- Lead entities would like the board to continue to encourage more monitoring incentives.

LEAG supports the goals of the proposed policy to define a major scope change. They would like to give more decision-making authority to the director of the Recreation and Conservation Office in regard to scope changes. LEAG also would like to see the director rely more on the local committees to say whether the projects are meeting criteria.

LEAG is discussing its principles at the regional and lead entity levels. If budget cuts become severe, lead entities prefer to have dollar reductions made internally (e.g., proportional cuts) versus having fewer lead entities. LEAG also wants the infrastructure funding discussion take place at a broader level.

Chair Tharinger asked if LEAG discussed ways to decrease demands placed on lead entities. Richard responded that demands were included as part of a prioritization discussion.

Agency Updates

Department of Transportation, Scott Anderson: Gas taxes, which are a large part of the Department of Transportation (DOT) revenue, will sunset in a few years, and the agency is faced with making up for the lost funds. DOT is doing the same budget exercise as all of the other agencies. Scott explained that the Stream Restoration Program is working on habitat connectivity projects and preparing for summer fish passage projects.

Conservation Commission, Carol Smith: Carol noted that the Conservation Reserve Enhancement Program (CREP) amendment was signed at the federal level, so horticulture lands are now eligible for CREP. The Commission cut funding equivalent to one vacant position. If the budget problems continue, half a million dollars will be cut from conservation districts.

Chair Tharinger noted that many conservation districts are project sponsors and asked how the cuts in funding would affect the board. Carol responded that they might seek more board funding.

Department of Natural Resources, Craig Partridge: Craig explained a few budget items, noting that DNR took an overall eight percent budget cut. The Governor's budget fills \$2 million of the \$2.5 million budget hole for the adaptive management program, mostly through account management. On the capital side of the budget, the forest riparian easement program remains zeroed out and the Family Forest Fish Passage Program funding cuts stayed the same.

Department of Fish and Wildlife, Sara LaBorde: Sara stated that the 2009-11 biennial budget cut 25 percent of the Department of Fish and Wildlife's general funds, totaling \$30.1 million. The Governor's supplemental budget cuts an additional \$2.5 million. She stated that the cuts will affect technical assistance, environmental engineering, and watershed stewards. She also noted that the HPA program likely would become fee-based. Sara also noted that the funding for the Pacific Salmon Treaty was implemented, including funds for Puget Sound critical habitat, and there is \$10 million dollar add in the Mitchell Act for the Lower Columbia HSRG recommendations.

Chair Tharinger asked if the Pacific Salmon Treaty received enough money to get the treaty signed and fulfill the obligation. Sara said she believed that it did, and offered to provide the detail for the chair.

Department of Ecology: Kaleen Cottingham noted that the Watershed Planning Program was cut nearly entirely, losing programs and staff.

Other Board Business

2011 PROJECT CONFERENCE AND BUDGET REQUEST

Brian Abbott explained that RCO staff is asking the board to set aside up to \$63,000 for a project conference to be held in April 2011. Brian noted that the 2009 conference was well attended and received positive feedback from attendees. He also explained that planning should begin soon.

Bud Hover MOVED to approve funding of up to \$63,000 for a salmon project conference to be held in April 2011. David Troutt SECONDED.

Motion APPROVED unanimously.

AQUATIC HABITAT GUIDELINES REALLOCATION OF FUNDING

Brian Abbott explained that the Washington State Aquatic Habitat Guidelines provide the technical foundation for projects that the board funds. One of these guidelines, the Stream Habitat Restoration Guidelines, requires an update.

Michelle Cramer, Washington Department of Fish and Wildlife (WDFW), explained that since the guidelines were published in 2004, numerous restoration projects have been developed and there is lot of new technology. The workgroup would like to update several techniques, such as how large wood projects are constructed. The development of the scope of work and review of the guidelines would be done collaboratively and have peer review.

Brian Abbott explained that RCO staff recommends that the board approve the use of \$70,000 in "returned" funds to help finance the update. He noted that the total cost will be about \$120,000. In response to a question from Carol Smith, Brian stated that they would tie into the effectiveness monitoring programs.

David Troutt asked if the boater safety and large woody materials subject is a legal issue, and if the board is stepping into that issue by updating the guidelines. Kaleen responded that policies regarding large woody materials are being handled separately, and Michelle clarified that the updates are exclusively technical.

Harry Barber referenced the cost estimate provided in the memo and expressed concern about hiring a contracted technical writer when there are layoffs of state employees. Sara LaBorde responded that the WDFW evaluation found contracting to be the most cost efficient approach.

Board members discussed whether the changes would result in better projects than if they relied on the existing document. Scott Anderson stated the guidelines add efficiency to the design and permit processes, and that the Department of Transportation relies heavily on the manual. Michelle Cramer stated that the update would incorporate the lessons learned from projects and effectiveness monitoring.

Public Comment:

Joe Ryan, Puget Sound Partnership, Jeff Breckel, Lower Columbia Fish Recovery Board, Steve Martin, Council of Regions: Joe explained that it took the regions a while to accept the benefit of spending the funds to improve the document, but now support it. He and Jeff Breckel both spoke about the need for guidance about the placement of wood and approaches to the anchoring of large wood

and rocks. Jeff also noted that while the updated document does not replace technical assistance staff, it is an important tool. Steve Martin added that the updates are a great investment.

David Troutt MOVED to approve \$70,000 to support an update to the Stream Habitat Restoration Guidelines as described in the attached scope of work.
Chair Tharinger SECONDED.
Motion APPROVED unanimously.

MONITORING CONTRACTS

Ken Dzinbal explained that the board must allocate 10 percent of its annual Pacific Coastal Salmon Recovery Fund (PCSRF) grant to monitoring. For 2009, the board has awarded all but \$255,000 for monitoring. Ken reminded the board that it had deferred its decision on monitoring contracts for habitat remote sensing and web access for the habitat status and trends database until this meeting. The Forum on Monitoring Salmon Recovery and Watershed Health recommended that the board fund the programs.

Remote Sensing

Erik Neatherlin, Department of Fish and Wildlife (WDFW), explained how remote sensing fits into the board's efforts by reviewing the performance measures and planning for future projects. Sara LaBorde added that remote sensing efficiently and effectively measures change at the watershed level, and can give information to regions. Carol Smith added that remote sensing complements in-stream work. She explained that instream asks "what?" and remote sensing asks "why?" Ken Dzinbal remote sensing is the best way to monitor the landscape at the watershed scale over time.

David Troutt asked if WDFW would use different information than the data that is being gathered through watershed characterization. Erik responded that watershed characterization would use the information gathered by remote sensing.

David Price, Department of Fish and Wildlife, explained status and trends monitoring using remote sensing. He provided a detailed overview of the proposed feasibility study, showing the board the differences between older and newer aerial photography. Technology improvements in image storage and automatic updates will reduce costs. Erik clarified that the data exists, and that the project is to do the software analysis and change detection.

Bud Hover asked how often samples are taken and how the data correlates the number of returning fish to remote sensing data and photography. Erik responded that the current data interval is every three years. David Price explained that remote sensing is used an indicator of how we are doing with salmon recovery. For example, it can measure the amount of riparian area. Ken added that the remote sensing images show watershed level net improvements, which allows for better correlations.

Bud Hover asked where costs are incurred in the project. Erik responded that the cost comes from new software that automates the analysis of data in the three to five watersheds. That will give them information about the cost and accuracy for other basins. Kaleen added that board will not necessarily pay for the next steps in the project.

Bud Hover asked if regions and local entities could access the data for correlation purposes. Sara responded that remote sensing would tell a story at a watershed level, not necessarily provide a clear correlation at a local level.

Harry stated that the data should provide information to help them move forward, not just look back at what has been done.

Craig asked if there would be a collective agreement on the definition of habitat "change" for the remote sensing. David Price replied that change would be presence or absence. In the future, the change definitions would be more fine-tuned.

Web Access for Status and Trends

Bob Cusimano, Department of Ecology discussed the proposal to make the Habitat Status and Trends data management system available via a web interface that would provide query capabilities and map tools. He also noted that the data fits into the regional framework.

David Troutt asked if the Habitat Work Schedule (HWS) was considered for displaying this data. Ken Dzinbal responded that the interfaces would be difficult to translate to the HWS. Bob Cusimano noted that the data sets are fairly unique.

Bud Hover MOVED to approve \$255,000 as presented for monitoring contracts to be signed by the director. \$115,000 for Department of Fish and Wildlife, and \$140,000 for the Department of Ecology.
David Troutt SECONDED.
Motion APPROVED unanimously.

Nearshore Monitoring

Paul Cereghino gave an update on the \$50,000 allocation from the board to the Estuarine and Salmon Restoration Program (ESRP) contract. ESRP is working on the River Delta monitoring strategy and the beach system monitoring strategy.

He released an RFP for a River Delta project manager, but did not receive any response. He noted that a detailed description of the project and its scope are in the RFP. Carol Smith asked why four public agencies backed out. Paul replied that the agencies supported the process but could not take the lead.

They have a signed agreement between the Department of Fish and Wildlife and the Army Corps of Engineers for the beach system monitoring strategy. Chair Tharinger asked Paul about the types of projects being evaluated for the beach projects. Paul responded that the goal is to classify the types of projects going into shoreline systems.

2009 GRANT ROUND

Brian Abbott gave a presentation on the 2009 Grant Round, including a timeline of the September – December project review and finalization stage and the 2009 Funding Report.

Review Panel

Steve Leider explained that the Review Panel comments include the process and ways to improve the evaluation. The following Review Panel members introduced themselves, and explained their role on the panel: Steve Toth, Paul Schlenger, Michelle Cramer, Pat Powers, Patty Michak, and Kelley Jorgensen. Member praised the lead entity coordinators, range of projects and project size, early review process, and project sponsors. Two members noted that the process for sponsors is significant, and encouraged the board to address the gap in funding capacity for sponsors.

Steve Leider reminded the board that lead entities that are not covered by a regional recovery plan still get a full review of the quality of their local recovery strategy.

Carol Smith asked if policy changes reflect the Review Panel feedback that is offered from year to year. Brian Abbott responded that Manual 18 is the forum for changing the policies regarding higher-level policy changes. Craig appreciated the more systematic Review Panel comments this year. Chair Tharinger agreed, and asked Pat Powers to expound on the low hanging fruit issue.

Pat responded that he receives feedback from sponsors that lead entities have increased the number of required meetings, reducing the time they can spend with scientific and technical staff finding projects. Kelley Jorgensen noted that project applications are often incomplete, so there needs to be more time to enter project materials. Kelley added that the Review Panel sees sponsors bringing concepts forward, but due to complexity, they can take years to put together. She stated that a 30 percent design review could reduce the money spent on poor projects, and help "noteworthy" projects move forward. Steve Toth noted that sponsors do not have the capacity to develop large scale projects. He also suggested being more strategic with riparian restoration.

David Troutt noted that it is not a low hanging fruit issue, it is rather a limited funds issue to get to bigger projects. He noted that the board's expectations should align with the funds put into the projects.

Staff Recommendation

Brian introduced the funding amounts and tables by regions. He noted the overlap for Lower Columbia and Yakima for the Klickitat Lead Entity. Brian noted that on the Devil's Head project four lead entities came together to fund the project. Brian also noted that projects of concern (POCs) are on the lists like other alternates, and that they would require review before funding.

Chair Tharinger explained that although the projects have undergone the process, the board, at its discretion, could make changes to the list prior to funding.

Regional Area Comment Period

Snake River: Steve Martin and Kris Buelow, Snake River lead entity coordinator, highlighted the onerous process for developing projects and briefly discussed proposed projects. Sara LaBorde asked how they are addressing capacity issues. Steve replied that the three-year work plan is assembled by the technical team and endorsed by local policy makers, and technical staff writes the applications. David Troutt noted that he is impressed with the ability to stretch dollars in the Snake.

Lower Columbia: Jeff Breckel highlighted the integrated approach in their region, and discussed Lower Columbia's proposed projects. David Troutt commented on Project Highlights from Lower Columbia's presentation noting that he does not believe that salmon recovery has resolved all of the "low hanging fruit", as Lower Columbia is going after prioritized projects and recovery efforts.

Middle Columbia: Alex Conley praised the review panel in helping to improve projects and the local process. Alex announced that the Yakima plan was recently adopted by NOAA. Angie Begosh noted that each project on the list is related to recovery actions in the Yakima strategy.

Upper Columbia: Derek VanMarter explained that there are three fully integrated lead entities. Derek explained that the 2009 projects are the strongest biological list presented to the board in the Upper Columbia's history. Most of the projects are "Tier 1" projects in their local ranking process. He also stated that while the Upper Columbia supports the recommendations in the report with regard to the Review Panel, larger changes to the process would change how strategic Upper Columbia can be.

Northeast: Nick Bean, the Pend Oreille Lead Entity Coordinator, briefly explained the three proposed projects.

Coastal Region: Miles Batchelder presented the project list, giving detailed maps and brief descriptions for each of the projects. He noted two noteworthy projects: Preacher's Slough and the Bear River Estuary Restoration. Miles concluded by noting that the region is working with the Wild Salmon Center and The Nature Conservancy on their regional plan.

Staff distributed a letter from Ed Bowen to the board regarding project 09-1532, Ozette Sockeye Recovery, Big River Acquisition. Based on the letter, Bud Hover asked about public outreach. Greg Good from the North Olympic Land Trust explained the process, and in response to additional questions from Boardmember Hover, noted that the projects would remain on the tax rolls. Chair Tharinger noted that even though Mr. Bowen does not agree with the project, the process is sound.

Bud Hover asked about other resistance in the community and stated that he wanted to make sure that Mr. Bowen's concerns were heard. Mr. Good responded that they had not heard from other community members. Miles noted that the region would work to increase outreach with the public.

Hood Canal: Richard Brocksmith highlighted a series of points for the board. He briefly explained the partnership between NOPL and Hood canal, which worked out well. Cheryl Baumann also noted that the partnership benefits the fish and works well. Richard highlighted the first two projects, which protect over a mile of summer chum habitat.

Richard also noted that the Puget Sound Partnership has given Hood Canal extra capacity funds for revegetating and protecting riparian zones. The Hood Canal addresses the long-term maintenance for riparian projects by providing a careful planning process. Carol Smith stated that lack of maintenance is the number one cause for riparian failure.

Richard then addressed the Union Estuary Johnson Farm Dike Design project. He explained that there is an interesting ownership pattern for the property, including a trail that is used by members of the public. They learned of concerns from the community about removing the trail and changed the project to protect the trail. David Troutt asked if one of the actions that will be presented is a "no action" option. Richard responded no.

Puget Sound: Jason Mulvihill-Kuntz noted that the Review Panel determined that project 09-1687, Skookum Creek, in the Nooksack watershed is a project of concern, so Alan Chapman would provide additional information on the project.

Alan Chapman gave the board details on how the project was developed, background on the local review process, and a recommendation to respect the local process and fund the project. This proposal seeks supplemental funds for the Skookum Reach Project (#07-1803) to cover unanticipated expenses that developed during the design phase of the project, including paving the new Saxon Road segments per Whatcom County requirements. Alan said that the road element must be completed for the restoration project to begin.

Craig Partridge asked what the fish benefit is to paving a road, and added that the Review Panel did not say that there was not a fish benefit, but that the cost is prohibitive. Alan responded that the county wants the road paved.

Bud Hover asked who chose to keep the project on the list even though it was a project of concern. Brian Abbott responded that the lead entity and region support the project.

Public Comment

Bruce Landram, Belfair, WA: Mr. Landram commented on the Union Estuary Johnson Farm Dike Design project. He believes the vetting process was compromised and that there were many misleading statements. The initial proposal was the same as in 2005. Four of the six options presented included full removal of the waterfront trails. He further stated that Richard Brocksmith did a laudable job of reworking the application.

Ken VanBuskirk: Mr. VanBurskirk commented on the Union Estuary Johnson Farm Dike Design project. He stated that he has lived in Hood Canal for 50 years and is the steward of a working farm. He disagrees with the ranking, and would like to see the acquisition and knotweed projects get funding. He also would like to see the project dropped this year. The project does not have matching funds, and the acquisition and knotweed projects have a higher certainty of success and better use of funds.

Bud Hover read the project description and noted that it twice mentions maintaining trail access. He asked Mr. Landram if the language would be acceptable, and Mr. Landram replied yes.

Board Actions

Hood Canal Recovery Region

Bud Hover MOVED to approve projects 1 through 12, with projects 13 and 14 as alternates, in the total amount of \$5,659,652 with a combination of SRFB and PSAR funding noted in table 2009-1 for the Hood Canal Coordinating Council.
David Troutt SECONDED.
Motion APPROVED unanimously.

Lower Columbia Recovery Region

Bud Hover MOVED to approve projects 1 through 6 and 8, with projects 9 and 11 through 15 as alternates, in the total amount of \$2,647,035 for the list of projects shown in table 2009-2 for the Lower Columbia Fish Recovery Board.
David Troutt SECONDED.
Motion APPROVED unanimously.

Northeast Washington Recovery Region

Bud Hover MOVED to approve projects 1, 2 and 4, in the total amount of \$360,000 for the list of projects shown in table 2009-3 for Northeast Washington.
David Troutt SECONDED.
Motion APPROVED unanimously.

Puget Sound Recovery Region

Bud Hover MOVED to approve \$23,810,967 for the list of projects shown in table 2009-4 for the Puget Sound Partnership.
David Troutt SECONDED.

David Troutt MOVED to amend the motion to include the Lummi Nation Skookum Reach project for \$232,879.
Bud Hover SECONDED the amendment.
Amendment APPROVED.

Motion APPROVED unanimously as amended.

Kaleen asked if the board wanted to add the alternates that are projects of concern. Chair Tharinger added that within the motion, it is assumed that lead entities are funded as designated.

Bud Hover MOVED that any alternate project that is a project of concern must have all issues resolved before it is moved up to funded.
David Troutt SECONDED.
Motion APPROVED unanimously.

Brian mentioned two projects where 2007 PSAR funds would be used. The board determined that such use was covered in the Puget Sound motion.

Snake Recovery Region

Bud Hover MOVED to approve projects 1 through 13a, with project 13b as an alternate, in the amount of \$1,598,400 for the list of projects shown in table 2009-5 for the Snake River Salmon Recovery Board.
David Troutt SECONDED.
Motion APPROVED unanimously.

Upper Columbia Recovery Region

Bud Hover MOVED to approve \$1,953,000 for the list of projects shown in table 2009-6 for the Upper Columbia Salmon Recovery Board.
David Troutt SECONDED.

Brian noted that the Okanogan County table should read \$809,877 instead of \$809,577.

Motion APPROVED unanimously.

Washington Coastal Recovery Region

Bud Hover MOVED to approve \$1,620,000 for the list of projects shown in table 2009-7 for the Washington Coast Sustainable Salmon Partnership.
Motion withdrawn in favor of a county-by-county approach.

Grays Harbor County

Bud Hover MOVED to approve projects 1 through 3, in the amount of \$582,535 noted in table 2009-7 with an additional \$119,000 for project 3 to be considered as an alternate.
David Troutt SECONDED.
Motion APPROVED unanimously.

North Pacific Coast

Bud Hover MOVED to approve projects 1 and 3, in the amount of \$352,794 noted in table 2009-7.
David Troutt SECONDED.
Motion APPROVED unanimously.

Pacific County

Bud Hover MOVED to approve projects 1 and 2, in the amount of \$396,863 noted in table 2009-7.
David Troutt SECONDED.
Motion APPROVED unanimously.

Quinault Nation

Bud Hover moved to approve project 1, with project 2 as an alternate, in the amount of \$287,808 noted in table 2009-7.
David Troutt SECONDED.
Motion APPROVED unanimously.

Mid-Columbia Recovery Region

Bud Hover MOVED to approve \$1,829,565 for the list of projects shown in table 2009-8 for the Yakima Basin Fish and Wildlife Recovery Board and Klickitat County.
David Troutt SECONDED.

Brian Abbott noted that on the Klickitat list, project number four should be included on the Lower Columbia Region.

Bud and David withdrew the motion in favor of a county-by-county approach.

Klickitat County

Bud Hover MOVED to approve projects 1, 2 and 4, with project 3 as an alternate, in the amount of \$648,260 noted in table 2009-8.
David Troutt SECONDED.
Motion APPROVED unanimously.

Yakima Basin Fish and Wildlife Recovery Board

Bud Hover MOVED to approve projects 1 through 5, with projects 6 and 7 as alternates, in the amount of \$1,181,305 noted in table 2009-8.
David Troutt SECONDED.
Motion APPROVED unanimously.

David Troutt asked Brian how much money the board approved with match today. Brian said he would get back to the board with the number in the morning.

Meeting adjourned for the day at 4:57 p.m.

Friday, December 11

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

Steve Tharinger (Chair)	Clallam County
Harry Barber	Washougal
David Troutt	DuPont
Don "Bud" Hover	Okanogan County
Carol Smith	Designee, Conservation Commission
Melissa Gildersleeve	Designee, Department of Ecology
Scott Anderson	Designee, Department of Transportation
Sara LaBorde	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources

Meeting convened at 9:03 a.m.

Marc Duboiski briefly displayed the funding totals, including match, for the approved amounts for the 2009 round approved on December 10. The board allocated just over \$40 million, which leverages another \$22 million in match, totaling about \$62 million.

SHB 2157, STATUS REPORT ON ASSESSMENTS

Megan Duffy briefed the board on the 2009 Assessment of Watershed Coordination. She explained that she and Phil Miller met with local stakeholders in each of the watersheds. The level of coordination at the local level varies throughout the state. Megan stated the highlights from her report.

Melissa Gildersleeve noted that all of the FTEs for Ecology's watershed planning have been cut. Chair Tharinger asked Bud Hover how watershed planning is going in his area of the state. Bud Hover noted that the Methow plan has been completed and Okanogan is close to completion. In the Methow, they are still working with Ecology and landowners on how to distribute water.

Chair Tharinger stated that the timing of this effort is poor due to reductions in the state budget. Coordination efforts are just picking up speed, and now funds are at risk. David Troutt noted that water problems do not go away, so the report is of value, but will not be seen on the ground any time soon.

Melissa responded to a question from the chair by stating that she believes that there has been legislative support for watershed planning efforts. Kaleen added that the board needs to wait to see what the legislature decides, since the proposed cut is in the Governor's budget. Kaleen echoed Megan's statement of rewarding those who are working well, or incentivizing those who are not working as well.

Craig noted that the report states that most locals are coordinating at the level they view as appropriate and that those who are doing well with coordination efforts should be rewarded.

Harry Barber asked about the level of funding provided to watershed planning in the past. Megan responded that close to \$40 million have been invested over the past ten years.

David Troutt added that the state tends to address hot button issues, and a suggested a way to solve this issue is to support community based groups and get priorities from locals. Megan pointed out that when mixing water for fish and water for people, people are the priority. It is area specific. Chair Tharinger noted that the state can force the issue by responding to local efforts. David noted that the state needs to build the foundation for relationships between the local organizations before addressing detailed planning efforts.

Kaleen added that she recently met with the Hood Canal Coordinating Council at the request of their non-profit funders to integrate their plan at the local level. There was a discussion about the advantages and drawbacks of "silo-ing" the money compared to dividing the funds into a number of pots. Kaleen responded that it is better to have a plan that incorporates a variety of issues rather than silo-ing the funds, which diminishes the local advocacy groups and waters down integration at the local level.

Megan then explained that Budget Proviso 1244, Section 304 asked RCO to assess capacity issues with salmon recovery. Policy staff viewed this portion of the report as part of the board's larger capacity discussion. The report suggests that policy staff come to the board in February with a work plan to examine overall board processes and capacity issues.

Megan briefly discussed State House Bill 1957, which asked RCO to evaluate different land preservation mechanisms. RCO contracted with Gordon Derr and the report is out for comment; it will go to the legislature in January.

Chair Tharinger asked if the board has direction on the priorities from the report. Megan responded that the report examines seven different mechanisms. The board discussed who reviewed the report.

Kaleen noted that the report does not call for action in February. Bud Hover added that in the Upper Columbia, easements stay on tax roll. David Troutt noted that fee simple can be less expensive than the long term maintenance costs of easements. Kaleen noted that there may be IRS complications to purchasing land, then selling the portion you do not need. Kaleen responded that RCO is working with the state's bond council to understand exactly how the IRS views this issue.

Chair Tharinger asked if the legislature is going to act on this policy during the upcoming session, and if the board needs to provide feedback. Kaleen responded that she is not sure if the legislature is going to act on it because one of the premises behind the legislative directive was that it was cheaper to do leasing, and RCO's report does not support that premise. Craig Partridge noted that the IRS issued a concern about the use of bond sales. Kaleen noted that RCO has a workgroup addressing these issues.

POLICY REVISIONS REGARDING SCOPE CHANGES FOR ACQUISITION PROJECTS

Dominga Soliz explained that the proposed policy defines what constitutes a "major" scope change in an acquisition project. She briefed the board on the process, and noted that if the board approved it, then the language would be added to the manual for the 2010 grant round.

Kaleen explained that staff wants to encourage sponsors to identify the properties they are interested in, so if they cannot acquire one property, they could request a minor scope change to a target property that had already been identified. Staff wants sponsors to have a strategy in place.

Chair Tharinger asked if the term geographic envelope would be replaced with "reach area." Dominga responded that the policy uses both "geographic envelope" and "reach area." Kaleen clarified that geographic envelope is specific to the WWRP program and is used in multi-site acquisitions. Dominga clarified that the term "geographic envelope" would not apply to SRFB projects, and that the guiding term for salmon projects is "reach."

Carol asked if a project could be approved without going throughout the Review Panel. Kaleen responded that if a project is within the reach and has habitat value, then staff could evaluate the project, and save the cost of the Review Panel. Also, lead entities must support the projects. Carol highlighted the Review Panel's recommendation to improve the evaluation process for acquisitions. Harry Barber noted that from his experience on the sub-committee, the board does not need to develop language to address every situation.

Bud Hover **MOVED** to adopt the policy language for scope changes in acquisition projects as shown in Attachment A.

David Troutt **SECONDED**.
Motion **APPROVED** unanimously.

POLICY REVISIONS TO ALIGN SRFB GRANTS WITH PUGET SOUND PARTNERSHIP ACTION AGENDA

Dominga Soliz explained that statute requires the RCO to align the Salmon Recovery Funding Board grant program with the Puget Sound Partnership's Action Agenda. RCO staff worked with Puget Sound Partnership (Partnership) staff and other stakeholders to develop policy proposals for public comment.

She explained that staff was asking the board to approve the following policies for the 2010 grant round:

- Make SRFB projects that are in conflict with the Action Agenda ineligible for funding;

- Activate existing criteria that addresses whether a project within the Puget Sound is referenced in the Action Agenda; and
- Add placeholder language noting that the board will adopt policies for giving preferential treatment to partners after a method is determined for designating Puget Sound partners.

Kaleen noted that the board is required by statute to approve the language regarding ineligibility by January 1, 2010.

David Troutt said he was concerned about situations where stakeholders disagree on the outcomes of projects. Dominga noted that the language is a compromise, and that the Partnership intends to work with locals on difficult projects. She also noted that the project lists align with the Action Agenda. Kaleen added that in this grant round, the Partnership sent a letter saying that the board's project list did not have any conflicts with the action agenda. Lynda Lyshall, Puget Sound Partnership, responded that a controversy would be unlikely because the Partnership works closely with the lead entities to develop projects and their three-year work plans.

Craig stated that his concern is that the borderline projects where there are feuding constituencies that the decision will be made in a non-transparent way. He added that the controversial projects are where there are two goods, both benefitting Puget Sound. The transparency is the crux.

Chair Tharinger noted the board would like the Partnership to clarify who will make the decision.

Board members discussed a variety of project scenarios and approaches to meeting the statutory language. Kaleen noted that RCO and the board needs a process. Staff worked with the Partnership and stakeholders to evaluate several alternatives. The self-certification language was the simplest solution. She stated her concern that if the board does not approve the self-certification letter, then the process would become more complex.

The board agreed to change the certification language in Attachment A to read: "I further certify that this project is not in conflict with the action agenda developed by the Puget Sound Partnership because it is a project on the three year work plan."

Bud Hover MOVED to adopt the policy language presented by staff and shown in Attachments A as amended, B and C for aligning the board's grant program with the Puget Sound Partnership's Action Agenda.

David Troutt SECONDED.
Motion APPROVED unanimously.

PROPOSED CHANGES TO MANUAL 18 FOR 2010 GRANT CYCLE

Brian Abbott gave a briefing on proposed changes to the Manual 18. He noted that staff was suggesting that changes be limited to administrative edits and narrow policy issues. He then explained the specific policy changes being proposed.

First, he noted that staff had considered changing the definition of local partner, but based on feedback from stakeholders, decided against it.

Require a 30% design review on restoration projects

Brian explained that staff was recommending that during the project evaluation process, the Review Panel could determine the need for a 30% design review based on criteria such as project complexity, past sponsor performance, and familiarity with project type. If 30% design review were recommended,

the RCO would incorporate a review into the project agreement. The review would focus on project objectives, look for "fatal flaws," and provide constructive comments to improve the projects.

Brian explained that the designs might be different because of permitting, which takes place at different points in the construction process. He stated that it was important to ensure that the project that is constructed in the way it was funded.

David Troutt suggested tying the design review more closely to the permitting process. Bud Hover asked whether the look or construction of the project matters, if the original objective and function is upheld. Harry said that he considers the review to be a level of bureaucratic intervention that the board does not need, and believes that it should be implemented very selectively. Chair Tharinger added that the board is not convinced that there is a need for a manual change.

Board members asked questions about the intent of the requirement. Brian explained that the Review Panel and lead entity technical panels are very careful to review implementation plans during the evaluation process. It is very important to do it the way it was evaluated. For restoration projects, staff wants to see a 30 percent design requirement before sponsors get construction funding. Brian also noted that this policy is not for the seasoned sponsor, it is to help inexperienced sponsors or sponsors constructing a new type of project.

Kaleen added that the benefit of this process is to avoid cost creep and future cost increases.

Brian added that the board sometimes is funding a concept, rather than a design. Bud Hover responded that this information should be part of the application and the design review should be done before money is allocated. David Troutt noted that he is not sure if this requirement accomplishes the intent.

Chair Tharinger asked if the board currently requires a scope of work for construction. Brian responded that the suggested change calls for a 30 percent engineering review before construction. Sara LaBorde added that staff is using knowledge from the past ten years to build the best projects. Harry advocated for fieldwork time, not another process. Kaleen added that the benefit of the policy is to decrease the number of cost increases that come to the board.

Brian noted that the 30% requirement is a check in, not a lengthy process. Chair Tharinger added that permits from the Army Corps of Engineers require the 30 percent check in, so it would better align.

Board members asked Brian to bring the following information to the February meeting:

- examples of where the current process has gone wrong
- a flow chart to show how many people touch this process before it is submitted to the board
- cost of the proposed process, and whether it saves money in the long run

Acquisition Criteria

Brian proposed that the board apply the existing "benefit and certainty" criteria and consider adding the following to appendix E-1 (POC Criteria): "If less than 40 percent of the total project area is intact habitat, the project must be categorized as a combination project that includes restoration." This change addresses purchasing property that is not fully functioning. He asked the board if staff is on the right track, or if the board would like to wait until larger scale changes in 2010.

David Troutt suggested that staff consider acquisition criteria as an entire package. David's concerns were addressed in the staff report, namely the definition of intact habitat. Carol Smith agreed with David's comments. She added that the Review Panel's point is that projects need to provide more information so the panel can conduct a better cost-benefit analysis.

Brian added that staff would like to add in basic guidance about the different acquisition tools. David asked Brian to clarify what staff wants to add. Brian explained that staff would add definitions of each of the acquisition tools.

Streamline Review Panel Review Process

Brian Abbott gave an overview of the of the review panel process, and explained some of the changes that staff proposed to streamline the process. He stated that staff would work with lead entities and regions to refine the timing and review panel processes.

Harry Barber suggested combining the timelines of the local and review panels. Brian clarified that Lower Columbia is a special case. Bud Hover suggested making the adjustments according to consistent bottom up suggestions.

Kaleen stated that draft Manual 18 will go out for public comment before it goes to the board.

WDFW PRESENTATION: FOLLOW UP TO BOARD QUESTIONS IN AUGUST

Sara LaBorde, Department of Fish and Wildlife (WDFW) presented information about the Hatchery and Fishery Reform Policy and the Alternative Gear Project.

Hatchery and Fishery Reform Policy: Sara explained that the purpose of the policy is to advance the conservation and recovery of wild salmon and steelhead by promoting and guiding the implementation of hatchery reform. She described the three-fold intent of the policy: (1) improve hatchery effectiveness, (2) ensure compatibility between hatchery production and salmon recovery plans and rebuilding programs, and (3) support sustainable fisheries. Sara also presented the general policy and main components.

Alternative Gear Project: Sara described WDFW's legislative mandate and noted that the alternative fishing gear project on the Lower Columbia is designed to meet that intent. She stated that the project's objective is to develop, promote, and implement alternative fishing gear to maximize catch of hatchery-origin fish with minimal mortality to native salmon and steelhead. The department will issue a request for proposals in January 2010 and plans to initiate gear implementation later next year.

David Troutt asked if WDFW is investing in fish in/fish out monitoring, and noted that the HSRG recommended that less than 5 percent of wild fish be with hatchery fish on spawning ground. Sara responded that WDFW is investing in fish in/fish out monitoring, and that the HSRG recommendation is related to segregated populations. David responded that he would like to see the wild to hatchery fish ratio addressed as quickly as possible.

Bud Hover added that he is concerned about the economy built around the sport fishing industry. He understands the need to protect the fish, but also the need to utilize the fish for by tribes, commercial fishing, and sport fishing, especially in smaller towns.

Sara responded that WDFW's strategy is to strengthen the wild populations as quickly as possible and to put more hatchery fish on the spawning grounds, without impacting the wild fish. The ultimate goal is selective harvest.

Harry Barber noted that unless there are more wild spawning fish in habitat, current investments in restoration will not add value. He explained that gill netters helped push legislation to outlaw alternative gear in the Columbia River. The consequence is the need for a commercial method that catches hatchery fish without hurting the wild fish.

Sara responded that when equipment was outlawed, it was a large disagreement, and it was the most lethal form of harvesting. There are a significant number of fishers who are behind the alternative gear. Sara explained she is excited about how purse seiners are figuring out ways to benefit the fish and benefits to local communities.

David Troutt asked if the Lower Columbia marked selected study was looking at release survival and marked selective impact. Sara responded that the first year will be 24 hour net survival. Once the first year results are evaluated from the study, WDFW will assess the approach.

Chair Tharinger asked what the board can do to nudge policy in a certain direction, since the board has invested in the effort. Sara responded that the project is going in the right direction, but explained that a letter is not necessary. She concluded that supportive feedback regarding and all-H approach related to salmon recovery is a good reminder for the commission. Chair Tharinger asked staff to draft a letter expressing the board's support of the all-H approach.

Meeting adjourned at 12:03 p.m.

Approved by:



Steve Tharinger, Chair

Date

2/18/2010 2010 