

SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS, DECEMBER 8, 2011

Agenda Items without Formal Action

Item	Follow-up Actions
Management Report	None
Salmon Recovery Management Reports – Grants	None
Reports from Partners/State Agency Partner Reports	None
Manual 19	Staff will update the board in April 2012.
Data Results of Forest and Fish Agreement	None

Agenda Items with Formal Action

Item	Formal Action	Follow-up Actions
Minutes	<u>APPROVED</u> as presented	No follow-up activities
Salmon Recovery Management Reports – GSRO	<u>APPROVED</u> \$287,000 for Effectiveness Monitoring	Tetra Tech to provide a briefing to the board (April) Staff to present the proposals to implement the recommended monitoring efforts (April)
Schedule for 2012	<u>APPROVED</u> the 2012 meeting schedule	Staff to determine location for September meeting
Addressing General Fund Budget Reductions	<u>APPROVED</u> that any cuts up to 5 percent in lead entity state general fund dollars in the current biennium would be backfilled with returned federal PCSRF funds	Staff to provide a variety of options for dealing with budget reductions (April)
2011 Grant Round	<u>APPROVED</u> project lists as presented for the 2011 grant round.	None
Manual 18 Administrative Changes	<u>APPROVED</u> 2012 grant cycle schedule	Staff to present policy ideas and recommendations to the board for direction on further work (April)
Manual 18 Appendix B	<u>APPROVED</u> Option 2, which changes Appendix B to eliminate the subcommittee, grant greater authority to the director, and add appeal process.	None



SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: December 8, 2011

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

Salmon Recovery Funding Board Members Present:

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

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 9:00 a.m. and a quorum was determined.

Josh Brown moved to adopt the agenda.

Seconded by: Harry Barber

Motion: APPROVED

Josh Brown moved to adopt the August/September minutes.

Seconded by: Harry Barber

Motion: APPROVED

Management and Partner Reports

Management Status Report

Director's Report: Director Cottingham discussed the trip that she and Sara LaBorde made to Washington DC. She also noted that the National Oceanic and Atmospheric Administration (NOAA) is doing a programmatic review of spending under Pacific Coastal Salmon Recovery Fund (PCSRF). The review will begin on December 22.

Legislative Update: Steve McLellan noted the work to date in the special legislative session. He also noted that the major recommendation of the debt limit commission is to change the averaging period for calculating the debt limit. This approach would lower overall debt capacity over time, but also would smooth it out. Director Cottingham noted that we have been asked to provide lists of Family Forest Fish Passage Program (FFFPP) projects that could be funded with additional capital funding.

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

Salmon Recovery Management Reports

Governor's Salmon Recovery Office: Megan Duffy, Executive Coordinator for the Governor's Salmon Recovery Office (GSRO), reminded the board that they had awarded \$250,000 for Puget Sound Steelhead planning in May. She noted that they are waiting for two documents from the Puget Sound Partnership to help them strategically direct the funding. They are working with others in Puget Sound to decide how to direct the funds.

She also noted the Monitoring funding for Tetra Tech, and that the board would need to authorize continuation due to a lag between the end of the contract and the board's next meeting. She noted that Tetra Tech would provide a briefing to the board in April on the current status and findings of the program. Also in April, staff will present the final recommended proposals and request approval to create and enter contracts to implement the recommended monitoring efforts. Director Cottingham provided some context for the monitoring funding

Josh Brown moved to approve \$287,000 for continuation of the board's Effectiveness Monitoring Program.

Seconded by: Harry Barber

Motion: APPROVED

Grant Management: Brian Abbott, Salmon Section Manager, reviewed sections of the grant management report (Item #2B), and highlighted the issue of projects on state owned aquatic lands. Staff has been exploring the issue with the Department of Natural Resources (DNR) because there needs to be a process to involve them early in the grant cycle when DNR is the landowner for a project. Member Partridge noted that DNR appreciates RCO staff involvement. He stated that as a landowner, DNR is concerned about engineered logjams (ELJs) in the rivers because they need to be concerned about health and safety issues, as well as salmon recovery. They want to be sure that licensed engineers have approved the designs.

Chair Hover asked how DNR determined that they have authority over the aquatic lands. Member Partridge responded that it is case-by-case adjudication, and they are trying to do this based on the guidelines from each case. Member Troutt asked if the issue was changes to the landscape. Member Partridge responded that it's strictly health and safety since the land is open to public recreation. Member Brown asked if DNR is worried only about projects on state lands, or also those above state lands where something could break off and cause a problem down river. The board discussed the broader issue of liability concerns.

Megan Duffy reminded the board that they addressed ELJs in 2009, and directed staff to work with other state agencies, particularly the Washington State Department of Fish and Wildlife (WDFW) as it updated the Aquatic Habitat Guidelines. These updated guidelines will be completed this year and contain a specific appendix related to safety of in-stream structures.

General Public Comment

There was no general public comment.

Partner Reports

Council of Regions Report: Jeff Breckel noted that they are working on the State of the Salmon report and trying to find ways that state agencies can help them achieve recovery goals. They sent a letter to Will Stelle, USFWS, to improve their partnership. They also have been working with Phil and others to talk about how programs in the Columbia basin can be better coordinated.

Lead Entity Advisory Group (LEAG) Report: Cheryl Baumann presented the LEAG report as described in the board materials. Carol Smith asked about the potential conflicts of interest; Cheryl responded that it is a matter of deciding who is voting on projects, looking at the technical committees, and considering who the fiscal agents are.

Regional Fisheries Enhancement Groups (RFEs): Lance Winecka presented the RFE report as provided in the board meeting materials. He and the board discussed the different partners and funders that the RFEs work with.

State Agency Partners

Carol Smith, Conservation Commission, noted that they work with 47 conservation districts and the budget is going from tough to tougher. The federal Conservation Reserve Enhancement Program (CREP) program provides 80% of their funding; but to get it, they need the 20% from the state. They got about half of the amount needed in the current budget. Many of the salmon recovery plans rely on CREP, but it won't be there. Districts are trying to get grants, but it is tough in this economy.

Sara Laborde, Department of Fish and Wildlife, said they have lost 40% of the general fund dollars in last four years. This is going to be a tough six months, but some things are moving forward. The alternative fishing gear project has just completed the first year of testing and tracking. They will have good information in February. The Hatchery Scientific Review Group (HSRG) will be sending WDFW their review of hatchery reform projects. WDFW just sent out a beta site link for their salmon reporting engine. It went to recovery boards, but it is getting more widespread review.

Craig Partridge, Department of Natural Resources, noted that the presentation on the Forest and Fish presentation would be later in the day. As PCSRF funding has declined, funding for the program also has declined. They have put together a multi-stakeholder process to turn the program into the leanest program possible, seeking efficiencies. They have stopgap funding to keep others participating.

Melissa Gildersleeve, Ecology, they also are dealing with the federal match issue because of the state general fund cuts. The new federal money is centered on Puget Sound; and some will offer administrative cost reimbursement. She noted in particular funds for "hobby farms." They had \$30 million in grants to local governments for stormwater; all but \$8 million was cut.

Board Decisions

The board took action on several topics, as follows.

Schedule for 2012

Rebecca Connolly presented the proposed schedule for 2012 as described in the board materials. There were no board questions.

Phil Rockefeller moved to adopt the schedule

Seconded by: Josh Brown

Motion: APPROVED

Addressing General Fund Budget Reductions

Megan Duffy presented the information as described in the staff memo to the board. She also provided updates on the amount of federal PCSRF funds that the Recreation and Conservation Office (RCO) is now anticipating. She noted that the lead entities are not funded equally, and that the amount of other sources varies, so the cuts are not felt equally by all lead entities.

Chair Hover asked if there would be further adjustments. Director Cottingham noted that the legislature could make additional cuts to the lead entity program, and that this proposal would cover only up to 5 percent. Member Rockefeller asked if this would exhaust the returned funds. Megan responded that it would not.

Member Troutt asked for specific implications of the cuts, if they were put in place. Megan noted that one region had reported that it would cut a staff person, and that some lead entities suggested they may no longer be able to operate.

Member Barber noted that they need to be cognizant of the ratio of staff costs to project costs. Megan responded that it would be part of the analysis in April. He noted that the amount of cut is relatively small, and referenced the cuts being taken by other state agencies.

Member Partridge noted that he was interested in the Review Panel's comments about the administrative complexity for larger projects, and that it should be a consideration for the board.

Lloyd Moody noted that the many of the lead entities are receiving less in-kind support from the counties, and that the Puget Sound lead entities have lost funding from PSAR capacity.

Member LaBorde noted that it is a systemic problem, and that cuts are felt at all levels. She advised that the structure needs an overall review, and that they need to really dig in and find cuts.

Member Troutt noted that the discussion would take place in April, and that he will always prefer to fund lead entities over projects. The human infrastructure is key, and they are coming together well on projects.

Bud noted a need to look at whether they can restructure lead entities and still do the job. He asked staff to provide a variety of options for dealing with cuts in April 2012.

David Troutt moved to adopt that any cuts up to 5 percent in lead entity state general fund dollars in the current biennium be backfilled with returned federal PCSRF funds.

Seconded by: Josh Brown

Motion: APPROVED 4-1, with Harry Barber opposing.

2011 Grant Round

Salmon Section Manager Brian Abbott reviewed the funding report, grant round process, regional allocations, and the projects within each region. He noted that the spreadsheets provided to the board for voting include project alternates, and explained some changes that took place after the funding report was mailed in mid-November. There are no remaining projects of concern because the sponsors either addressed the concerns or withdrew the project. He explained that there are eight noteworthy projects this year, which are spread across the state. The regional directors and grant managers provided additional detail about projects in the Puget Sound, Upper Columbia, and Lower Columbia regions.

Review Panel members Kelley Jorgenson and Steve Toth spoke about the Review Panel's observations, which are described in detail in the funding report. They highlighted three areas:

- *Process-based restoration*: Toth suggested that there be incentives for lead entities to focus on process-based restoration. He noted that more planning is needed by the regions and lead entities to work on this larger approach.
- *Effectiveness Monitoring*: Jorgenson noted that process-based restoration gives more credence to effectiveness monitoring. She noted that they think the board should broaden the effectiveness monitoring and close the loop with analysis and interpretation. They think monitoring should be allowed as a match to project funds.
- *Prioritizing*: Jorgenson noted that the Review Panel thinks that the board should consider prioritization of watersheds for funding.

The regional directors then presented information about their project selection processes and activities in the region. All thanked the board, review panel, and RCO staff for their work.

Steve Martin, Snake Region, praised the review panel and stated that they supported the conditioned project. He echoed David's comment that there needs to be greater regulation to protect the critical areas.

Alex Conley, Middle Columbia, described the structure and coordination of the organizations in his area and noted how they have divided the allocation with the Klickitat Lead Entity. He highlighted the habitat types in the region, and the projects on their list. He noted that they updated their lead entity process so it would be more transparent. In response to a question from Member LaBorde, he provided an update on the project approved with a condition in the 2010 cycle. The project is now being reviewed by the Review Panel. Member Troutt referenced the NOAA audit, and asked if they are funding the most important projects. Alex responded that it is harder to fund those with board grants because they are bigger and more complex. All projects are consistent with the recovery plan.

Jon Foltz, Klickitat Lead Entity Coordinator, presented information about the lead entity's projects on the 2011 list.

Derek Van Marter and Julie Morgan, Upper Columbia Region, discussed implementation of the recovery plan during 2010 and the complexities of that implementation. Complexities include the judge's opinion on the BiOp and the Governor's response. He also discussed the 2011 project list, noting that it represents years of collaborative work to match projects with funding. He noted the barriers they are facing to placing wood in the rivers. Julie noted that they are addressing the highest priorities and are focused on abundance. They have resources for project implementation; SRFB dollars are pivotal because the funds can be used for protection/acquisition, while other funds can be used only for restoration.

Jeff Breckel, Lower Columbia Region, noted that the lists are the result of many years of work with nonprofits, land trusts, RFEs, and other sponsors as well as landowners. He noted that they were able to fund projects in only eight of seventeen subbasins. All of this year's projects address a primary species and either a Tier 1 or Tier 2 reach, so they are targeting the areas, but many are missed due to resources. He credited sponsors for their work putting solid projects on the ground.

Miles Batchelder, Coastal Region, noted that they are new and have an absence of listed species, and thanked the board for their support. The board has provided financial support for the development of the lake Ozette Sockeye Plan. They lack sponsors in the Lake Ozette basin, but they are hoping that the Makah Tribe will be able to help in the future. He thanked the board for freeing up the funds from the Bear River project. Some local communities are hesitant to use public funds for salmon recovery acquisitions; this is something that they are working through with community outreach. He also updated the board on their planning process and reviewed the project list for 2011, noting the costs, benefits, and challenges of the projects.

Richard Brocksmith, Hood Canal described their organizational structure and their partnerships in the area. He reviewed the project list and how they prioritize the projects and species. The list focuses on priority systems and limiting factors within them. They have very large-scale projects that they can't fully address with the funding available. As they get more strategic and work through Low-hanging fruit, they are asking more of sponsors in terms of unfunded design to go from the concept to a full application. He acknowledged that the applications were not the best quality this year, but they are putting improvements in place. They agree with the conditions placed on projects by the Review Panel. Josh Brown noted that lead entity also is trying to use the mitigation dollars from the military projects in the area to advance salmon recovery projects.

Jeannette Dorner, Puget Sound Region noted that this process is very efficient and respectful of the bottom-up process. The process has evolved and is effective at putting good projects on the ground. She noted all of the various partners. She reminded the board that the decision today is the result of a year's worth of work to build the lists, update strategies, and review projects at multiple levels. She noted that some of the lead entities have not used their full PSAR allocation, and that they intend to bring projects forward in early 2012.

Nick Bean, Lead Entity Coordinator WRIA 62, noted that this was the smoothest process for them to date. Their list has no conditions or projects of concern; he reviewed the three projects that are proposed for funding. He noted the major efforts in the northeast. Two of the three hydroelectric dams were relicensed; they now have plans to restore many miles of the river and its tributaries. The SRFB plays a critical role as they try to coordinate efforts.

DAVID TROUTT moved to approve \$1,598,400 for projects and project alternates in the Snake River Region, as listed on Funding Table 2011-01, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$1,776,600 for projects and project alternates in the Mid-Columbia Region, as listed on Funding Table 2011-02, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

Director Cottingham noted that the motion for the Mid-Columbia includes the funding for the Klickitat lead entity. The board affirmed that it was their intent.

DAVID TROUTT moved to approve \$1,953,000 for projects and project alternates in the Upper Columbia Region, as listed on Funding Table 2011-03, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$2,700,000 for projects and project alternates in the Lower Columbia Region, as listed on Funding Table 2011-04, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

Chair Hover noted that this motion for the Lower Columbia also includes the Klickitat lead entity.

DAVID TROUTT moved to approve \$1,815,989 for projects and project alternates in the Coastal Region, as listed on Funding Table 2011-05, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$1,195,165 in SRFB funds for projects and project alternates in the Hood Canal Region, as listed on Funding Table 2011-06, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$1,988,415 in PSAR funds for projects and project alternates in the Hood Canal Region, as listed on Funding Table 2011-06, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$7,567,200 in SRFB funds for projects and project alternates in the Puget Sound Region, as listed on Funding Table 2011-07, dated December 8, 2011.¹

Seconded by: Josh Brown

Motion: APPROVED

DAVID TROUTT moved to approve \$9,601,127 in PSAR funds for projects and project alternates in the Puget Sound Region, as listed on Funding Table 2011-07, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

¹ This motion stated the wrong total funding amount; it incorrectly included the portion of Puget Sound funds that are reallocated to the Hood Canal Region. The correct amount is \$6,795,036. This is the total of the lead entity allocations shown on Funding Table 2011-07. The amounts approved for each Puget Sound Lead entity and for Hood Canal Region are correct. The board will be asked to approve a revised motion in April to correct the error.

David Troutt noted that the remaining PSAR balance would be awarded at a future funding meeting in 2012 following the process outlined in Manual 18 Appendix P.

DAVID TROUTT moved to approve \$360,000 for projects and project alternates in the Northeast Region, as listed on Funding Table 2011-08, dated December 8, 2011.

Seconded by: Josh Brown

Motion: APPROVED

Chair Hover noted that there are thousands of hours of work preceding these decisions.

Manual Changes for 2012 Grant Cycle: Manual 18 Administrative Changes

Brian Abbott presented the policy and administrative changes as described in the staff memo. He explained that at this meeting, the board would be voting only on the administrative changes. Staff will bring the policy issues to the board in April 2012 for further discussion and direction. He also described the stakeholder input process for the administrative changes.

Director Cottingham noted that although the memo called for approval of the administrative changes, the board needed to approve only the grant round schedule because administrative changes can be done with director approval.

David Troutt moved to approve to approve the 2012 grant round schedule.

Seconded by: Josh Brown

Motion: APPROVED

Manual Changes for 2012 Grant Cycle: Manual 18 Appendix B

Brian Abbott presented the three options for updating Appendix B, which covers the role of the subcommittee and/or the director in approving contract amendments, along with details, advantages, and disadvantages, as described in the staff memo. The three options are:

- Option 1 – Use existing Appendix B matrix and process.
- Option 2 – Update Appendix B. Add appeals process.
- Option 3 – Use existing Appendix B, but move to consent agenda format for decision making. Add appeals process.

Member Smith asked how many amendments are processed each year. Brian responded that they have processed 39 that are "subcommittee eligible"; that is, the director may approve it or forward to the subcommittee. Nine have gone to the subcommittee.

Member Barber noted that the process is cumbersome, but not time consuming. Chair Hover noted that his concern is to balance administrative decisions and the board's decision making role.

Board members preferred Option 2, but asked that decisions be included in the grant management report.

Harry Barber moved to adopt Option 2 as presented.

Seconded by: Phil Rockefeller

Motion: APPROVED

Board Briefings

Manual Changes for 2012 Grant Cycle: Manual 19

Megan Duffy, GSRO Executive Coordinator, briefed the board on the revisions to the lead entity manual. Some key issues needing guidance include:

- Avoiding any conflicts of interest, particularly when a lead entity is acting as project sponsor.
- When public outreach is required on specific projects and what responsibility does a lead entity have versus a project sponsor or others?
- The role of a lead entity in submitting the project list to the board.
- Defining appropriate representation on a lead entity citizens' committee.
- Thresholds for defining a quorum.

Staff will continue to work with the lead entities to develop Manual 19 revisions and provide a briefing to the board at its April 2012 meeting.

Data Results Associated with Forest and Fish Agreement Funded with PCSRF Funds

Brian Abbott and Jim Hotvedt, DNR Forest Practices Division, presented information about the following:

- The Forest Practices Adaptive Management Program
- Funding of the adaptive management program
- Products/outcomes of Pacific Coastal Salmon Recovery Fund funding of the adaptive management program

Hotvedt reviewed the history of the Forest and Fish adaptive management program and presented a diagram showing how the program elements and participants interact. He noted the separation of policy, operations, and science to protect the integrity of the process.

He noted that the purpose of the program is to provide science-based recommendations and technical information to assist the board in determining if and when it is necessary or advisable to adjust the rules and guidance for aquatic resources to achieve resource goals and objectives. He then described the types of monitoring used and the responsibility for its management.

Hotvedt noted that they had received about \$25.6 million in grants for the adaptive management program, and described the changes in expenditures over time. Initially, funds were used for information systems, but over time, most has been spent on actual monitoring. He noted that there were 97 research and monitoring projects associated with the funding, and highlighted examples of the work completed. The examples are included in the full report provided with the board materials. Hotvedt also noted the outcomes of the projects, including changes to forest practice rules and guidance.

Member Rockefeller asked how open the process is when deciding whether a topic will be studied; for example, he asked if the public could request an area for study, or if the commissioner can request an area be studied. Hotvedt responded that the public or others could propose studies or changes to the board; the board would then refer it to the policy group for assessment.

Member Troutt asked if there were any significant rule changes that have resulted. Hotvedt described changes that increased the target for tree density in riparian areas. Member Brown asked how many rules were changed over time, noting it would be good to understand where the investment was helpful and influential. Hotvedt responded that the measure shouldn't necessarily be how many rules have been changed.

Member Partridge noted that this is an informational presentation about a regulatory process that runs parallel to the board's funding program, and that the rules were based on the best available science at the time. They need to find appropriate funding sources to continue this program, but do need to find ways to streamline it.

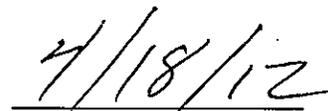
Members Rockefeller and Troutt reminded the board of the history of the legislation, noting that they hope that the rules are changing in response to the information gathered with board funding.

Meeting adjourned at 4:00 p.m.

Approved by:



Bud Hover, Chair



Date