

SALMON RECOVERY FUNDING BOARD

MINUTES - REGULAR MEETING As Amended at September 2006 Meeting

June 8-9, 2006

Marcus Whitman Hotel and Convention Center
Walla Walla, Washington

Day 1

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

William Ruckelshaus, Chair	Seattle
Larry Cassidy	Vancouver
Steve Tharinger	Clallam County
Joe Ryan	Seattle
David Troutt	DuPont
Mark Clark	Director, Conservation Commission
Dick Wallace	Designee, Department of Ecology
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources

CALL TO ORDER

Chair William Ruckelshaus opened the meeting at 9:32 a.m.

The Board was welcomed to Walla Walla by members of the Snake River Salmon Recovery Board: Steve Martin, Director of the Snake River Salmon Recovery Board; Brad Johnson, newly appointed Asotin Watershed Planning Lead; and Kathy Schaffer Walla Walla Watershed Planning Lead.

Steve provided a presentation on work being done in the Snake River Recovery Region and reviewed the afternoon tour.

The agenda was reviewed and approved as presented.

REVIEW AND APPROVAL OF APRIL 2006 MEETING MINUTES

Steve Tharinger **MOVED** to approve the April 2006 meeting minutes. David Troutt **SECONDED**. The Board **APPROVED** the minutes as presented.

PARTNER AGENCY REPORTS

Mark Clark handed out a Conservation Reserve Enhancement Program (CREP) document entitled *Evaluation of CREP Riparian Buffers in Washington State* for Board review. At some point the Board may want to have Carol Smith, Conservation Commission, come in to give a presentation on this topic. Mark talked about the CREP projects in the Walla Walla area and how many miles of streams are being protected in this area due to CREP funding.

Dick Wallace highlighted several things; First, the storm water comment period is closed for Phase 1 and Phase 2 is now going into effect. Second, water quality standards were disapproved by the Environmental Protection Agency (EPA). The Department of Ecology was planning to do it in a two step process, but EPA said they wanted both steps done in one. Detail on rules will be out later this month. Third, the Legislature said in a policy bill that new storage on the Columbia will require one third of the water going back into the river for fish. Dick also provided an updated instream flow map on watershed planning efforts.

Additional projects being worked on by Ecology in the Walla Walla area include:

- Total Maximum Daily Load (TMDL) water clean up plan work;
- Metering;
- Gardena Farms' temporary trust water right seeing flows increase in the Walla Walla;
- Hofer Dam work – a success story; and
- Working with watershed groups on instream flows. Providing flexibility under western water law and getting water back into the streams for fish is a great trade off with the initiatives being launched.

Joe Ryan asked about the flexibility in western water law to get water for fish and whether they have agreed on a hydrograph. Dick responded they haven't completely decided on this as it is just getting underway. Hedia Adelsman is working on this issue for Ecology.

David Troutt would like to see a map that shows where the instream flows are being met.

Dick discussed the senior and junior rights and changes in other factors. He noted that even though flows have been set, they aren't being met in many instances.

Chair Ruckelshaus asked if there is a requirement to meet the flows. Dick reported that it is not a requirement.

Craig Partridge reported a major piece of the state's salmon recovery effort fell into place on June 5th, when Governor Christine Gregoire, Land Commissioner Donald Sutherland and the regional directors of NOAA Fisheries and US Fish and Wildlife Service (USFWS) announced federal approval of the state's Forest and Fish Forest Practices Regulatory program (TFW plan) and implementation of the regulatory plan. Congressman Norm Dicks and several state legislators were there also.

Chair Ruckelshaus asked if this will change the Habitat Conservation Plan process. Craig replied that he has not seen any indication that it will change.

Chair Ruckelshaus reported he had met with the Governor and she was quite pleased with this development.

Tim Smith reported that, since the December meeting, the Department of Fish and Wildlife (WDFW) has completed work on the smolt monitoring and spawner abundance study and would like to give a presentation on this at the September meeting.

Tim also reported he has been working with the Governor's Salmon Recovery Office (GSRO) on regional organizations and changes to the structure and how to accomplish implementation of these new regional areas.

As part of the Governor's Puget Sound Initiative, the Legislature appropriated funds during the last session and established a new program in WDFW called The Estuary and Salmon Restoration Program. The intent was to focus on habitat restoration protection projects in the nearshore that primarily benefit salmon. There is \$2.5 million in the program. WDFW just completed a two-day workshop and made initial decisions on funding those projects. That recommendation will be brought to the Puget Sound Nearshore Executive Committee meeting on July 14 at Alderbrook.

Larry Cassidy reported that Lynn Palensky, Northwest Power and Conservation Council (NWPPCC), has put together a list of all the different funding sources for salmon restoration projects.

Neil Aaland reported that staff met with Lynn on the work she has been doing and this was very helpful.

MANAGEMENT AND STATUS REPORTS

Director's Report

Director Laura Johnson presented this agenda item, highlighting:

- The focus of this meeting will be on completing the work to put the 7th Round process in place and making budget decisions.
- Staff have been busy with IAC applications which were due May 1. This year a record number of applications were received – over 400. Many of the projects are habitat projects. IAC is implementing a new program for farmland preservation.
- IAC will take on hosting the new Invasive Species Council. This effort is breaking new ground in putting together a place to coordinate current efforts and to have the discussions that have not occurred in the past.

Financial Services Report

Mark Jarasitis presented this agenda item providing the Board with an update on the budget status. (See notebook item #2b for details.)

Project Management Report

Neil Aaland presented this agenda item. (See notebook item #2c for details.)

Neil introduced the newest staff member, Jason Lundgren.

Mike Ramsey and Jason Lundgren provided a slide show highlighting the following projects:

- 00-1691 – George Creek Instream and Riparian project (Asotin Conservation District)
- 04-1376 – Kooskooskie Dam Removal (Department of Natural Resources)
- 01-1224 and 01-1228 – Tucannon and Touchet River Diversion Screens (Columbia Conservation District). Dave Carl, WDFW, explained the screens and how these projects work.

PROGRAMMATIC ITEMS

Intensively Monitored Watersheds (IMWs)

Bruce Crawford and Dr. Bill Ehinger, Department of Ecology, presented this agenda item. (See notebook item #3a for details.)

Bruce provided an overview of the IMW process to date and presented a staff recommendation to either fund these projects through the first increment of funding (Option 1) or provide separate programmatic funding for projects in IMWs (Option 2).

Bruce explained that if the Board is going to be successful in IMWs, it may need to take a programmatic approach since many of the projects identified in the IMW process may not be at the top of the lead entities' lists.

Staff recommendation for this programmatic request is \$650,000.

IAC was contacted by NOAA Deputy Regional Director Joe Scordino, informing us that money is available to go to Columbia River action agencies for restoration projects. This money is being offered to Washington and Oregon specifically for implementing projects geared toward intensively monitored watersheds.

Board members discussed the IMW process and asked several questions.

Bill Ehinger responded that he could go into a lot of detail on the project, but most of this information is in the study plan which is under review by the Independent Science Panel (ISP).

Chair Ruckelshaus inquired how the ISP has been involved.

Bruce stated that the GSRO has been asked to have the ISP review the work. With the significant amount of money involved, it warranted an independent science review to make sure the experimental design was sound. Bruce hopes to have an oral or written report at the Fall SRFB meeting.

Chair Ruckelshaus asked how they are working with the Technical Review Team (TRT) on the Puget Sound on these same kind of questions raised with the ISP.

Bill Ehinger responded that the TRT's have not been connected yet.

David Troutt and Chair Ruckelshaus both believe including the TRT's in this process is critical.

Bruce added that Chris Jordan with NOAA Fisheries is reviewing the work relating to ecoregions in order to extrapolate the findings for different habitat types throughout those habitat regions.

Public Testimony:

Jay Watson, Hood Canal Coordinating Council (HCCC), stated his testimony is focused on how funded – not whether funded. It's a valuable program but believes Option 1 is problematic, making it complex. He believes Option 2 is the best way to go where the Board funds the IMWs with programmatic funds.

Chair Ruckelshaus asked Jay which creeks are in his area.

Jay responded that there are three creeks, but for this Round it is Little Anderson. He added the project won't be on their lead entity list for a number of years, if ever. They are not chum production areas, which is the main focus in the HCCC area.

Dick Wallace agreed that the IMWs are of a statewide significance and would extrapolate information for making future decisions on processes. He is curious if there is thinking in the individual areas on how this IMW would help their region in being strategic.

Jay agrees this is important, but Option 1 would interrupt their current process. HCCC is working on finalizing its Ecosystem Diagnosis and Treatment (EDT).

Chair Ruckelshaus clarified that by using their recovery plan process and listing the prioritized projects, this project would not come to the top.

A letter was handed out from Jeff Breckel, Lower Columbia Fish Recovery Board (LCFRB), providing his input in the process.

Steve Tharinger asked how and why these projects were chosen and how much data is already available. Why continue to fund this if it doesn't fit into the strategy of the canal?

Bill Ehinger responded that these projects were chosen based on monitoring. Hood Canal streams stood out because of a long history of smolt production and good smolt data.

Chair Ruckelshaus asked if the same was true for Germany and Abernathy Creeks.

Bill Ehinger responded that Germany and Abernathy Creeks have a shorter history of smolt monitoring but that these areas have been monitored in the past so there are several years of good information already on these sites.

Steve asked about the 10 percent NOAA has approved for spending on the monitoring efforts.

Bruce believes this funding would fit into that 10 percent, although it needs to be spent in the Columbia Basin. He doesn't believe the Board should look at the 10 percent since he believes they are well within this amount. He reminded the Board that when the IMW process first began, Board members wanted answers in the shortest amount of time possible. The watersheds chosen are in answer to this request by the Board.

Director Johnson clarified that it wasn't a separate stream of money. If funding is increased to 10 percent, it reduces the amount available to the Board for other items, particularly on-the-ground projects.

The Board discussed the pros and cons of the two options.

The Chair agreed with the Option 2 recommendation, which would provide separate programmatic funding for projects in IMWs, as he doesn't believe the Board should tell the local groups what projects should be on their list.

Steve Tharinger made a **MOTION** to fund this effort out of programmatic funds for \$650,000.

Chair Ruckelshaus asked about a friendly amendment to include the ISP review and Little Anderson Creek being reviewed by the TRT before final approval of this important expense in the Puget Sound and Lower Columbia.

Bill Ehinger reported that this may set the process back by a year.

Joe Ryan proposed a slower approach by just funding \$350,000 for Little Anderson and wait on funding anything else.

Chair Ruckelshaus and Jay were agreeable with that proposal.

David Troutt is concerned with funding monitoring efforts that don't answer critical endangered species questions.

Bill Ehinger believes that the upstream questions would not be answered and that we may need to look at additional sites to get those answers.

Craig was resistant to the remarks that this is either a local effort or a statewide effort and would like to find where this is a statewide issue and how it fits with the Monitoring Forum's efforts.

Bruce provided an overview of that layer of the process and the quarterly reporting the SRFB is making to NOAA on meeting limiting factors. NOAA also wants to know where there is monitoring going on to show how the limiting factors are being met. He sees this as getting to the answers for NOAA and Congress.

Larry Cassidy does not see the current plan as meeting this without providing the funding to the Lower Columbia region and would want to see that area covered.

Joe was not saying that this was not his plan; it was looking at other fund sources and partnering to meet these demands.

Larry reported that there are partners out there, but the Columbia Basin should not be ignored.

Bruce explained that the \$350,000 for Little Anderson Creek would be just a start. They would still need to find a sponsor to do this project and coordinate the effort. They need to have the funding available first and then would be able to provide the Board with better numbers once the projects are actually identified.

Jay reported that they are looking for additional funding sources and have had interest by another state agency in meeting these needs.

Bill Ehinger noted that he has been working with Richard Brocksmith, Lead Entity Coordinator for Hood Canal, and helping to identify projects that would meet the needs.

Jay agrees with this and will start working on developing projects as soon as the Board reaches its decision.

Craig asked about match.

Bill Ehinger reported that these are rough estimates and match was not included.

Craig would urge including match to fund these projects.

Director Johnson commented that the Board could say this is the maximum amount and encourage partnerships to complete more projects.

David had two issues: the funding issue and whether the questions that the projects are designed for the right ones.

Dick concurred with David on the issues and would include a third on what timeframe is needed to answer the questions.

Chair Ruckelshaus said the questions are already being asked so will need to know how the questions are being answered.

Steve Leider reported that the ISP report will be available at the end of August so would be able to report to the Board in September.

Steve Tharinger is concerned about losing the time since this issue has been on the last three meeting agendas. He believes that the intention of the Board is that it will fund the projects.

Chair Ruckelshaus agrees with the funding in the first year, but not further out yet since these are large numbers and the funds may be more limited at that time.

Bruce reported that the questions David is asking are complex and that to get the answers for Chinook are even more complicated.

Director Johnson reviewed what she believes the Board agreed upon: reserving a total of \$650,000 for this effort, at this meeting approving \$350,000 for use in the Hood Canal streams, and holding \$300,000 for the Lower Columbia projects on Little Anderson and Germany Creek, until the Board gets answers to its questions, the ISP report and have coordinated with the TRT, this may change what the exact across-the-board statewide commitment is.

The Board **APPROVED** the motion to fund this effort out of programmatic funds for \$650,000 as summarized by Director Johnson.

SRFB Review Panel

Neil Aaland presented this agenda item providing an overview of the approximately \$160,000 request to fund the Review Panel for this grant cycle. (See notebook item #3b for details.)

Public Testimony:

No public testimony was provided for this agenda item.

Board Discussion:

The Board agreed with this request, but may add to the requirements for the panel if changes are made during the discussion.

Pacific Coast Salmon Recovery Fund (PCSRF) Data Reports

Director Johnson presented this agenda item. (See notebook item #3c for details.)

Director Johnson reviewed the request to the Board to spend some of the returned funds that need to be spent by September 2006 on updating the monitoring needs in PRISM. The cost estimate is \$170,000 to do this project, and although there are some limited administrative funds available through IAC, additional funds are needed to do this.

Public Testimony:

No public testimony was provided for this agenda item.

Board Discussion:

Steve Tharinger **MOVED** to allow use of federal funds (FY00-01) for the purpose of upgrading the IAC PRISM system. Joe Ryan **SECONDED**.

Chair Ruckelshaus believes this is a good way to spend the money, but also need to work with the Monitoring Forum to develop monitoring standards and a broader data management system that can be used for all the efforts.

Director Johnson reported that the Joint Natural Resources Cabinet (JNRC), when it first started its work, also had extensive discussions on this issue and how to have the systems complement each other.

Mark Clark reported that the State Information Services Board (ISB) is going to take on this review so the efforts are starting to be worked on.

The Board **APPROVED** the request by IAC to spend up to \$170,000 of the returned PCSRF funds before September 2006 for the purpose of upgrading the PRISM system.

David asked if the total amount of 00-01 projects that will have returned funds will be brought before the Board for action.

Director Johnson reported yes and no, but time is running out. We don't know how much will be returned from incomplete projects. She will keep the Chair and Board updated on the progress.

2006 GRANT ROUND – ADOPTION OF FINAL GUIDANCE

Neil Aaland presented this agenda item and reviewed the handouts and process he planned to use. (See notebook item #4 for details.)

Homework Assignment Summary

Neil reviewed his Board memorandum concerning the homework assignment to the regions. (See notebook items #4a and 4b for details.)

The homework topics were:

1. Internal funding allocations;
2. Local technical review process; and
3. Project lists and partially funded projects. In addition there were several specific questions for particular regional areas.

Regions with only one lead entity are generally using criteria focused on benefit to fish. Regions with multiple lead entities are struggling, tending to favor historic allocations as a transitional approach. The Hood Canal issue is still an outstanding issue that needs to be addressed.

The lead entity technical review process is still in place, although a new part has been added where the regions assess the projects for “fit to regional plan” and the SRFB assesses the lists for Projects of Concern (POC) .The single lead entity regions will be using their previous review process. Multi-lead entity regions differ, Puget Sound using NOAA TRT, Upper Columbia using the Upper Columbia Regional Technical Team (UCRTT), and the Yakima Basin is still working with Klickitat Lead Entity and looking to do this year’s process similar to past rounds.

Neil also reviewed the specific questions presented to individual regions.

Lead Entity Advisory Group (LEAG) Report

Jeanette Dorner and Paul Dorn provided the LEAG report.

Jeanette reviewed the LEAG report and issues that are still being discussed. Overall the lead entities are supportive of the regional level of funding, but are still concerned with roles and need to respect the lead entity process.

Jeanette brought up the concern on what the role of the review panel is at the regional level and wanting to streamline the process. Puget Sound is looking to use the TRT to review their lead entity lists, which would streamline the process as the TRT’s are familiar with the regional plans. The SRFB Review Panel would still need to review projects of concern.

LEAG discussed concerns with how to make sure fit of list to strategy matches with projects and funding levels and how to ensure regions are doing what is expected of them.

There is also concern with the proposed schedule and Jeanette indicated that September 11 is too early for lead entities to get their lists in.

Paul reported that most of the lead entities feel that it’s helpful to have a target funding level to plan for.

Council of Regions and GSRO Reports

Jim Kramer provided comments concerning regions. He reported that the regions are not requesting block grants, but would like distribution of funds consistent with proposed processes and allocation proposals. They feel SRFB staff is doing a good job.

Chris Drivdahl knows that this process is hard, but encouraged the Board to not back down since she believes this is the right direction. She also noted that permit streamlining can be a reality if NOAA feels the process is good.

Decisions/Questions for SRFB

Neil reviewed the decisions the Board needs to make at this meeting:

1. Affirm regional percentages.

2. Affirm that regional percentages are for only one year and will be revisited next grant cycle.
3. Decide whether or not to retain up to 10 percent of project dollars for incentives and other equity needs, and potential criteria.
4. Decide how to address Hood Canal Summer Chum allocation.
- 5a. Is SRFB okay in general with different allocation processes in different areas?
- 5b. Is SRFB okay with the specific range of processes – from basing on historical averages to fish-based factors?
- 5c. Does the SRFB want to provide any direction to specific regions/lead entities?
6. Should SRFB Review Panel be used to perform an oversight function and what would that look like?
7. Approve Manual 18 and 18b.

Public Testimony:

Barbara Rosenkotter, San Juan County Lead Entity Coordinator, passed on her discussion on the importance of assessments since the Board already approved assessments for this round.

Jim Kramer, Puget Sound Salmon Forum, provided a handout and discussed the recommendations presented by the Puget Sound Salmon Recovery Council. Jim outlined the proposal and reasoning behind the recommendations. The Board asked questions about the Puget Sound proposal which Jim answered with the assistance of Jeanette Dorner. For this grant cycle, Puget Sound is proposing submittal of 14 separate lists with a pre-approved funding percentage.

Chair Ruckelshaus would like to see the Puget Sound get to the point of submitting one combined list.

Jay Watson, Hood Canal Coordinating Council, provided his thoughts on the Puget Sound allocation and where the Hood Canal fits in. Jay reported that the list presented by Jim Kramer was not consensus; Hood Canal did not agree to this amount. Jay reported they are willing to present projects for Chinook through the Puget Sound, but there is still Summer Chum. In Neil's question 4, option B would not work for Hood Canal, but of the options either A or C might be workable. Jay suggested a percentage go from Puget Sound for Chinook and a separate amount set aside for Summer Chum.

Jim and Jay have been unable to reach a compromise on this issue and need the Board to make the decision.

Joe Ryan asked what the ITF had proposed for the Hood Canal option.

Neil reported from his notes that ITF had proposed 41 percent for Puget Sound and 6 percent for Hood Canal. The Council of Regions combined those at the meeting in La Conner and reduced them slightly.

Chris Drivdahl commented that the Board could add the 10 percent discretionary amount to the total amount and cover the \$200,000 difference to Hood Canal as an option for tomorrow morning's discussion.

Recessed for local tour at 3:00 p.m.

SALMON RECOVERY FUNDING BOARD

MINUTES - REGULAR MEETING

June 8-9, 2006

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Day 2

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

William Ruckelshaus, Chair	Seattle
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David Troutt	DuPont
Mark Clark	Director, Conservation Commission
Dick Wallace	Designee, Department of Ecology
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources

Chair William Ruckelshaus reconvened the meeting at 8:00 a.m.

Director Laura Johnson suggested adjusting the agenda to have Bruce Crawford present the Government Management Accountability and Performance (GMAP) Strategic Plan first, make the budget decision second and then complete the 7th Round decision-making. The Board agreed with this adjustment.

STRATEGIC PLAN AND GOVERNMENT MANAGEMENT ACCOUNTABILITY AND PERFORMANCE

Bruce Crawford presented this agenda item. (See notebook item #5 for details.)

Chair Ruckelshaus commented on how important the measures are for this work and asked if the Strategic Plan has measurements.

Bruce agreed with the importance of measurements. When the Board reads through this document they will find measurements listed tying together the work of all the boards and councils administered by the Office of the Interagency Committee.

Craig Partridge asked about the goals listed under 9.1 and 9.4, noting existing or increased resources. This hasn't been what the Board has been hearing is available.

Director Johnson noted that this is for the funding request, not the funding outlook.

2007-2009 BUDGET PREPARATION

This agenda item was presented by Director Johnson and Mark Jarasitis. (See notebook item #6 for details.)

Mark reviewed the budget process and asked the Board for an amount for staff to present in the capital budget request. The project awards for the next two years are around \$47 million based on previous funding levels. The staff's minimum recommendation would be approximately \$11.8 million.

Director Johnson stated the \$11.8 million is a minimum and a guess against the federal number and she strongly encouraged the Board to not look at the \$11.8 million as the appropriate final spot. The staff would like to get a sense of the Board's specific number or target range or suggestions for additional research to anchor this number with the costs that are reflected in the regional plans so the state offers leadership rather than the federal government.

Chair Ruckelshaus noted his thoughts on what the request should be. He referred to page two of the budget overview and suggested expanding the information to include what the federal money has been, what the match has been from local governments, and an estimate on how much is being spent for salmon recovery aside from funds the Board provides. The Chair stressed the importance of identifying sources of money and what the numbers are.

David Troutt and Joe Ryan agreed with the Chair's summary.

Director Johnson will look at the numbers and, as there isn't another Board meeting before the budget request is due, review with the Chair and other Board members before submitting the final proposal to the Office of Financial Management (OFM).

Steve Tharinger discussed the importance of funding for plan implementation and providing the lead entities with enough funding to do all they are being asked to do.

Dick Wallace wanted to make sure monitoring funding is also included.

Chair Ruckelshaus discussed the need to coordinate the lead entity request with WDFW.

Mark Clark discussed the need for natural resource funding since this is an area that gets a very small portion of the overall state budget. It is important to get to the GSRO and OFM a better understanding of what is needed for salmon recovery efforts and get to a better strategy on how to pay for recovery long term.

2006 GRANT ROUND – ADOPTION OF FINAL GUIDANCE (continued)

Neil Aaland continued presentation of this agenda item. (See notebook item #4 for details.)

Neil reviewed the questions and what the Board had agreed on: (questions/answers not in order)

1. Regional percentages affirmed?
Proposed regional percentages affirmed.
2. Regional percentages are for only one year, and will be revisited?
Regional percentages would be for one year only and will be revisited next grant cycle.
3. Shall the Board retain up to 10 percent of project dollars for incentives and other equity needs, with some potential criteria?
Assuming the Board has \$17.2 million, retaining \$400,000 or \$500,000 dollars for unforeseen issues, Director Johnson suggested spreading the remainder to the regions (about a million dollars).

Steve Tharinger discussed the issue of the oversight function and what that will cost.

The Chair recommended agreeing to not hold the full 10 percent, but to make the final decision on exactly what to hold at the next meeting and offer more criteria. He felt the Board was not ready to allocate the whole 10 percent, less \$400,000 or \$500,000 for special projects.

Neil confirmed the Chair is proposing to hold the rest of the discussion at a later date.

6. Steve Leider joined Neil in presenting the question: Should the SRFB Review Panel be used to perform an oversight function, and what would that look like?
Steve reviewed the gray and purple handouts and explained the staff thinking behind this proposal and how it would be used.

The Board discussed how this process would work and if there needs to be additional criteria. All the Board members want to get the best projects from the regions and lead entities and need to figure out the best rating system for this grant round.

Jeanette Dorner handed out a proposal that she developed for rating the regions and determining allocation amounts depending on the rating. She then explained her reasoning in figuring out this proposal.

The Board discussed Jeanette's proposal but did not feel comfortable adjusting the allocation amounts in this grant cycle. They will look at this proposal for the next round.

Dick and Craig supported going with Jeanette's proposal, but Craig is in favor of decreasing the allocation if the lead entity ranks fair or below.

Director Johnson discussed the option to give staff and the lead entities/regions as much direction as possible at this meeting and then staff would work through the different scenarios and present final options in September.

Chair Ruckelshaus would like to see the process every step of the way.

Jim Kramer presented his views on this topic after speaking with Jeanette and others. He would not suggest putting the lead entities in a competition. He favors what Director Johnson suggested.

Four questions Jim suggested as criteria:

1. Are you being strategic?
2. Is there an independent review of the process?
3. Are there projects of concern on the list?
4. Are the interested parties (stakeholders) engaged and supportive of this process?

He would task staff, LEAG, and the Council of Regions (COR) to work on this issue and bring back a proposal in September.

The Chair has no objection to a grading system since the rest of the Board seems to be in favor of this process, but wants to caution about the law of unintended consequences.

Staff will bring options to the September meeting.

- 5a. Is the board okay with each area having a different allocation process?
The Board is okay with this. The Chair wants to make sure it is a fish-based allocation.
- 5b. Is SRFB okay with specific range of processes?
The Board is okay with this.
- 5c. Does the SRFB want to provide any direction to specific regions/lead entities?
The Chair would make sure all the regions and lead entities are engaged in the oversight discussion.

Steve Tharinger asked Neil if he feels that a lead entity or region is asking for more direction.

Neil replied that he didn't think so since they are working closely with the other groups.
No specific direction needed at this time.

4. Hood Canal Summer Chum allocation

Steve Tharinger had asked staff to calculate the ITF, Council of Regions, and the Puget Sound proposed allocations and how they translate into dollars.

Rollie Geppert reviewed the numbers. ITF recommended 41 percent for Puget Sound and 6% for Hood Canal; the Board merged the two and provided 45 percent. Staff used \$14.4 million to calculate since that is what had been anticipated for the amount when the charts were originally created.

Craig reviewed the options and presented his thoughts on this topic: ITF discussion had Puget Sound's allocation going down with HC allocation going up. This was based on fish-centric decisions. The Board seems to want to group by region and not split Hood Canal out as its own region. If the Board goes with including Hood Canal in Puget Sound, then the allocation should be historic and not in a fish-based allocation.

Jay Watson asked that whatever the Board does – be clear. He has to be able to explain the process to his lead entity and elected officials.

Jim Kramer stated this is a difficult decision for the Board to make. Jim suggested giving some of the 10 percent to the Hood Canal and have Puget Sound and Hood Canal work together for final project allocations.

Tim Smith discussed whether the Board wants to go to a regional approach or an ESU approach. The Board hasn't been clear in defining its expectations regarding the role of recovery plans. There seems to be some confusion in where the Board is going.

The Board would add \$250,000 in giving additional funds from the 10 percent to Hood Canal.

David is confused on the final percentage amounts as the Board still isn't sure what the total allocation amount will be. If the Board is just trying to get Hood Canal at the historic 6 percent for the grant round he is okay as long as this is not a forever situation and will be revisited in the next grant round.

Joe is still not sure the process is clear.

Jay agreed the process is still not clear.

The Board approved an additional \$250,000 in funding for the Puget Sound allocation with Puget Sound and Hood Canal working together on the final project lists.

7. Approval of Manuals 18 and 18b

Steve Tharinger **MOVED** to approve the manuals with the understanding that changes will be made due to discussions and amended portions handed out at yesterday's meeting. Joe Ryan **SECONDED**. Board **APPROVED**.

Pend Orielle Lead Entity

Brett Nine, Pend Orielle Lead Entity, Joe Maroney, Fisheries Program Manager for Kalispell Tribe, and Sandy Dotts, WDFW, updated the Board on where they are in the process of creating a northeast region.

Chair Ruckelshaus asked if there is support in the general geography for this process. He also asked if the USFWS is doing a study on bull trout and if it looks like they will continue to be listed.

Joe Maroney explained where the county commissioners are in this process. He also talked about the finalization of draft recovery plans – a copy of the letter was attached to the handout provided by the group.

Sandy requested IAC staff time to help the group work on organization of a region in this area.

Tim Smith reported the coastal lead entities are also in the process of organizing a region.

The Board agreed with Pend Orielle's request to have staff assistance.

Steve Tharinger discussed the need to request budget funds for assisting groups in developing regional coordination.

Tim encouraged consistency with proposals of regional organizations on the coast.

Director Johnson suggested staff, GSRO, and WDFW look at what it means to be a region and what it takes to set-up a regional organization. May not have time for this discussion at the September meeting, but will include on earliest agenda.

Joe Maroney requested that the proposal come to the Board in September.

Mark Wachtel, WDFW Region One Habitat Manager, recognized Sandy Dotts as WDFW's 2006 Employee of the Year for her work on the Cedar Creek Dam project.

David Troutt asked about the project application deadline.

Director Johnson suggested keeping the September 11 date for now with giving her the authority to adjust the Puget Sound due date as needed.

Steve Tharinger also agreed with David on the date extension.

The Director reminded citizen members to get their travel vouchers in before July 1.

ADJOURNED

Meeting adjourned at 10:04 a.m.

SRFB APPROVAL as amended during the September 2006 meeting:



William Ruckelshaus, Chair

Date

Next meeting: September 12, 2006, King Street Station, Seattle