

SALMON RECOVERY FUNDING BOARD

MINUTES - REGULAR MEETING

December 4 & 5 2003

Natural Resources Building 175 a & b
Olympia, Washington

Day 1

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

William Ruckelshaus, Chair	Seattle
Steve Tharinger	Clallam County
Brenda McMurray	Yakima
Jim Peters	Olympia
Tom Laurie	Designee, Department of Ecology
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources
Ed Manary	Designee, Conservation Commission

CALL TO ORDER:

Chair Bill Ruckelshaus opened the meeting at 1:15 p.m.

Director Laura Johnson provided an overview of the two-day meeting.

Director Johnson updated the Board on staff and Issues Task Force (ITF) work since the last Salmon Recovery Funding Board (SRFB) meeting in October.

5TH ROUND – PROPOSED APPROACH TO ALLOCATION OF SRFB FUNDS

Steve Tharinger again thanked the ITF and the Lead Entity Advisory Group (LEAG) for the work they have done in drafting and reviewing of documents, providing comments, and other ways they have helped with the 5th Round grant cycle.

Jim Fox provided an overview of the *Fifth Grant Round Project Evaluation, Allocation of Funds, and the Role of the Review Panel*. (See notebook for document dated November 26, 2003.)

Shirley Solomon, LEAG Chair, provided a LEAG report. Fourteen different lead entity representatives from across the state attended the last LEAG meeting on November 14, 2003. The LEAG was very complimentary to the work of the ITF, Jim Fox, and the open process.

Shirley reported that many of the concerns brought up by the lead entities at the LEAG meeting were addressed in the next iteration of the report.

LEAG does not want the technical review team to see the local rankings of the projects.

Jim Fox discussed the details of the 5th Round report and rationale behind the recommendations being presented.

Jim handed out a chart on river miles and marine shoreline miles by lead entity.

He reviewed how the Review Panel would evaluate the fit to strategy and explained the point system.

The Board discussed what needed to be decided at this meeting and what can wait until February for final adoption.

Brenda McMurray would like to have clarity on the “fit to strategy” recommendation. She also stated that the fit to strategy is more important than its allocation model.

Craig Partridge believes the ITF worked hard on the “fit to strategy” recommendation and that the report leans toward the second option. Approach #1 takes options away from the Board, and gives the lead entities predictability.

Steve Lieder asked, if you use option #2, what criteria would the SRFB use since now it would be more subjective?

Brenda commented that no matter what approach is taken, it is still a competitive process.

Shirley would like to have the Board make a decision on its preferred approach by the end of this meeting.

Craig suggested more of a hybrid process.

Tom Laurie noted that the Board would need to communicate the points system well in advance.

Chair believes the Board will be able to make a decision on the approach but will need to make decisions on details in February.

Brenda is very comfortable with the questions for the review panel to ask. The difficult part will be if the Board gets a lot of similar scores.

Shirley, talking on behalf of Jeff Breckel, said that Jeff was concerned about how to decide between two high-high ranked projects.

Ed Manary supports approach number two. The Board needs to take the subjectivity down as much as possible and the certainty up as much as possible. There will be some discretion by the Board.

Public Testimony:

David Troutt, Chair of the Nisqually River Council, noted that he is a little nervous about setting up a process focused on SRFB funding, not on overall salmon recovery. The strategy should include all aspects of salmon recovery, not just the habitat recovery projects. Need to consider the bigger picture. One side is looking at base funding for development of salmon

recovery plans. A review panel looking at a lead entity's strategy that has been looked at by many different groups already may cause more confusion and lead to changing a strategy to meet funding needs only.

Steve noted that the Board is looking at the habitat aspect of the plans but that the strategies need to roll-up into the regional plans.

David suggested having the same people look at the lead entity strategies as they are looking at the regional plans.

Ed Manary asked about comments, and whether the Board will make a decision on river mile and ocean mile at this meeting or in February. Steve replied that it would be decided at this meeting.

Jim distributed a handout on how the shoreline miles would add to the base funding, with a caveat to be able to bring the final numbers back in February.

Chair Ruckelshaus discussed the need to keep legislators informed. He would like the information on the regional boards pulled together in one packet for the Board. Tammy Owings will gather this information and provide it to the Board (*Sent to the Board as Volumes 1 & 2 in early January 2004*).

Ed agrees with the Chair and believes he asked for this information to be pulled together by the Governor's Salmon Recovery Office (GSRO) at the Seattle meeting. He believes there is a story to be told.

Director Johnson reported that the State Legislature budget proviso required a report due on December 1, including a list of all projects funded to date and status of those projects. This is a large amount of information so staff did not make copies for the Board but would be happy to provide information if anyone would like. This report is on all project funding in the first four grant cycles of the SRFB. Does not include the 1999 GSRO funds.

Director Johnson also reported that the Federal 04 budget includes Pacific Salmon Coastal funds with funding for Washington of just over \$26 million. This is consistent with the numbers we have been using to date. There are earmarks on portions of this funding. There appears to be some wording that will be challenging and some work needing to be done before the money will be released. It may have additional restrictions for validation monitoring and funds needing to go to endangered species.

Chair Ruckelshaus added to Director Johnson's comments that if the state doesn't develop a recovery plan the money would go away. Recovery planning is absolutely essential to keep any federal money. Earmarked money goes to the Forest and Fish plan now since they have their plan in place – that is what we need for salmon recovery regions.

Jim Fox stated that the state funding has a restoration restriction. The Board funding decision will be held a year from yesterday (December 2-3, 2004). The Board will be making a decision on \$26 million with a restoration amount of \$23.2 million leaving less than \$2.8 million for acquisition and assessments.

The Board discussed the options for distribution of acquisition and assessment dollars. There will be very little money available for acquisition and assessment projects.

In the 4th Grant Round, 48% of the funds went to assessments and acquisition.

Need to look at what “restoration” means.

FUNDING CAPS

The Board needs to discuss implementation of a funding cap amount for each project. This needs to be decided at this meeting.

REVIEW PANEL

Brenda McMurray asked how many comments came in concerning the Technical Advisor’s review and evaluation of projects and the proposed criteria. Jim Fox noted that we have gotten very little input on this portion of the document.

Brenda noted that some of the definition of a “red flagged” project referred to the strategy rather than a project. She is still not sure how we are going to have pure technical review without using the strategy also.

Discussed cost benefit and cost effectiveness and the differences between the two.

The Board discussed lead entities leaving “red flagged” projects on their lists, if they desired, although the Board may pull these projects when making their funding decisions.

Chair Ruckelshaus would like the ITF and LEAG to look at any unintended consequences of the changes to the process. For example, recommended changes may bring more small projects to the Board or it may not.

Ed Manary stated that he had not heard of any major opposition to what is being proposed for the 5th Grant Round.

The Board needs to finalize basic process at this meeting but continue to refine until February looking at the consequences to the lead entities. The Chair would like to have LEAG look at all sides of the process and identify unintended consequences they identify. The other thing is to look at the practicality of changes being made.

Ed Manary stated that he has experienced “unintended consequences” and hopes that this doesn’t change the way the lead entities work. He isn’t sure how the Board can get around this.

The Chair agreed that the Board may not be able to avoid all unintended consequences but the Board needs to think hard about what the consequences might be. The Chair’s main concern in reviewing the document was the complexity. There will be changes and some the Board hasn’t anticipated. Hopefully the Board will think of most of the consequences before locking into a process.

TIMETABLE

Need to make a decision on this tomorrow, especially the date for application intake and funding decisions.

Chair Ruckelshaus noted that the Board needs to communicate this process as clearly as it can.

USE OF STRATEGY GUIDANCE DOCUMENT

Jim Peters agreed with Brenda's suggested wording of changing from "may" and "might" to "should" or "strongly suggest" or some other stronger wording for requesting the lead entities use the Strategy Guidance document. Although lead entities are not required to use this document, the Board should make it clear that they would prefer that lead entities do use it when developing or revising their strategies.

Shirley replied that it has a lot to do with timing. The guidance document was released in late October, which was too late for it to be a requirement in this grant cycle. It needs to be guidance at this point. Encourage use of guidelines but don't require it. The Skagit, as well as other lead entities, has used the guidance documents when making revisions to its strategy.

Ed Manary stated that voluntary use of the Strategy Guidance document is out of sync with Option #2.

Steve Tharinger doesn't completely agree with this comment. The ITF will continue to look at the 5th Round process.

Meeting recessed for the day at 5:20 p.m.

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Tom Laurie	Designee, Department of Ecology
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Craig Partridge	Designee, Department of Natural Resources
Ed Manary	Designee, Conservation Commission

CALL TO ORDER:

Meeting reconvened at 8:25 a.m.

REVIEW AND APPROVAL OF OCTOBER 2003 MEETING MINUTES

Brenda McMurray **moved** to approve the October meeting minutes. Steve Tharinger **seconded** the motion. The October 2003 minutes were **approved** as presented.

Director Johnson reported that on this day in history (December 5, 1970), the Environmental Protection Agency (EPA) was started with William Ruckelshaus as the first Director.

5TH ROUND ISSUES TASK FORCE ISSUES

Chair Ruckelshaus discussed the goals for today's meeting and how the process has been worked so far through the ITF efforts.

The Chair is concerned with what the impacts of all the changes might be. One thing that appeals to him in the options is giving the lead entities a choice on whether or not they want assistance from the Review Panel. He suggests a trial basis so that the Board can change things if they find problems in the system that needs to be corrected.

The Board is trying to reward good strategies and it is hard to do so in a strictly detailed way.

Brenda McMurray would like to hear additional testimony this morning from the lead entities. She is okay with a base allotment but wants to make sure it is clear that all the projects need to fit the strategy.

The Chair asked about reducing pre-allocation to less than 35% and then, if it works, increase it in the next round.

Craig Partridge reported that the ITF discussed this thoroughly, and there are reasons to both raise and lower the pre-allocation.

Steve Tharinger agreed with Craig but is concerned that people are going to think this is a block grant and the Board needs to make sure groups know this is not true, they still need to have good projects that fit the strategy. The pre-allocation is a goal amount to work for but not a guaranteed amount.

Steve Leider agrees and said different groups are at different stages of strategy development. He would increase the pre-allocation amount as time goes on and the strategies are better developed. He feels the process appears complex but may be just because the thought process is on paper at this time where it has not been as clearly written in the past.

Brenda McMurray noted that with each thing that is written down there are unintended consequences. She wants to keep in mind that the Board wants to fund the projects that are best for the fish. Pre-allocation is not a word the Board has used in past grant cycles. This is not a block grant, but a base amount of funds that will fund projects that are good for fish and meet strategy goals.

Craig noted a couple of observations: 1) make it clear that projects falling under the base funding would still only fund good projects; and 2) “red flagged” projects will still be pulled from the list. Technical review of whole list and fit to strategy would still be used on these projects. Lead entities are in the same business as the Board; providing funding for projects that will be good for the fish.

The Chair noted that some lead entities will submit a long list and some submit a short list. If the lead entity submission is going to be based on fit to strategy – they would not want to put in any projects that are marginal. Sometimes marginal projects may be listed to help them work toward better projects. He asked Shirley Solomon if she felt this would be the case.

Shirley doesn't know what other lead entities do but her lead entity judges the whole list and only the good projects go forward to the Board for possible funding.

Brenda feels Shirley's comment is interesting and is the way she would hope all lead entities work. The Board should stress the need to put forward a well-scrubbed list although this makes the Board's decisions harder since there probably will not be enough funds for all the projects.

Shirley said the well-scrubbed list pushes the fight down to the neighborhood level and some areas may prefer to have the fight at the Board level, taking the pressure off the local group.

Brian Walsh noted that some lead entities bring opportunistic projects forward for funding but these projects may not be the best fit to the strategy.

David Troutt noted that Nisqually is rewriting their strategy to fit the SRFB's funding criteria. Right now their strategy focuses on acquisition and protection. Since the Board funding doesn't support this, they will be changing their strategy.

The Chair stated he would hate to see Nisqually do this, noting that Nisqually has a long-standing strategy that has been a model to the rest of the state.

The Board discussed what “fit to strategy,” means and if the strategy focuses on protection, then the list should reflect this. The list should reflect the strategy, not rewriting the strategy to fit the list.

The Board also discussed the possible Federal restrictions to fund only listed species. Some lead entities will have a problem with this requirement since they don't necessarily have a listed species and rewriting their strategy won't help.

Craig Partridge wants to make sure lead entities don't change their strategies to fit their lists.

The Board stressed the need to show the local needs and strategy for recovery and if acquisition and protection is the local need, this needs to be brought forward.

Don Ammon, Pacific County, reported that most problems in Pacific County are due to forest practices and culverts, siltation, etc. Their strategy addresses multiple species and they need to redo their strategy to get funding. They have no listed species but want to protect and restore habitat so species in the area don't have to get to threatened status before funding will be available in their area.

Steve Tharinger explained that the feedback loop is meant to give lead entities the opportunity to explain their strategies and why the lists contain the projects that they do, not change the strategy to get the funds.

Craig asked Don if their strategy provides a way to prioritize a project list? Don said yes. Craig noted that what the strategy needs to do is have a way to prioritize a project list.

Jim Fox developed a bulleted list of items needing decision or Board direction at this meeting and some needing decision at the February meeting.

Chair Ruckelshaus requested that a question and answer sheet be made available to provide a consistent message to everyone.

Public Testimony:

John Sims, Lead Entity Coordinator for WRIA 21 (Queets/Quinault) and member of LEAG, provided comments on the 5th Round process:

1. Regarding base allocations: we concur with the concept. The certainty of receiving some funding, given the appropriate technical qualifications for whatever projects are submitted on the Lead Entity List, is useful and is sure to engage each Lead Entity in a productive way.
2. We are opposed to the continued funding of any acquisition projects. When the SRFB was being funded at the \$30M + level, acquisition project funding might have made sense in specific situations. But at current sub-\$30M levels, the dollars are too precious to be obligated to this category. We recommend that you suggest Lead Entities search for acquisitions through other sources such as the Nature

Conservancy, Audubon Society, Rocky Mountain Elk Foundation, and similar organizations. We acknowledge that acquisitions could possibly contribute to salmon habitat recovery, but as I just said, in a “down market” like we are in now, it does not make much sense to spend big amounts in this category.

3. WRIA 21 continues to support base funding at some level, be it capped or not, as there still remain some data-poor reaches and sub-basins out there, where an appropriate research project could be key in supporting a vital restoration project in the future.
4. We are neutral regarding including shoreline miles in the base funding formula. In our case, it would add 21 miles to the 2,800 already identified. But it does make sense for the lead entities with stream-poor and shoreline-rich areas, to be assigned a few more dollars to their base. They need all the help they can get.
5. Regarding caps: We are mixed on this issue. I personally favor a cap as long as it is fairly derived.
6. Finally, a personal comment (that is, not coordinated with my committee), and this in the way of a caution. I seem to hear with increasing frequency the question from SRFB and staff members: “What does LEAG say about this?” Or words to that effect. I would like to remind you that LEAG derives its existence from letters of appointment from the WDFW Director, to nine selected Lead Entities with the charter to function as a sounding board for both the WDFW and SRFB and their respective salmon recovery staffs. To this extent, the foregoing question is legitimate. But when the question is asked in a way whereby the answer could be interpreted as representative of the entire population of 24 lead entities, we stray a field from what was originally intended. It is my understanding that LEAG was never supposed to be more or less than above, at least so far as current funding levels permit. Need to make sure the Board knows that when they ask for the answer from LEAG this is not the feelings of the entire lead entity population.

Lee Napier, Grays Harbor, was encouraged when she received the memorandum written by Jim Fox noting the process. She likes the base funding, and appreciates the equity approach. Likes criteria on habitat miles but has concerns with the listed species. Understands the federal need for this focus. She has concerns about the entitlement aspects. Fit to strategy is positive. January may be too late for the 5th Round review of strategies but is a good time for the 6th Round. Lead entities aren't required to have a strategy. The guidance document is a guidance document only, not a prescription. The SRFB is not the only source of funding and doesn't have enough funding to fund all the good projects. She wants to meet with the technical panel soon. She cautions the Board on adopting approach number two and thanked the ITF for its hard work. She sees lots of good conversation happening.

David Troutt, Nisqually, cautiously provided non-opposition to the recommendations. Feels some level of trepidation, this approach provides legislative and people security but may not be the best for the fish. Wants funding to come up front to develop plans and then money to go for the projects. Hopes that at some time we will get there.

Chair Ruckelshaus replied that the Board is still playing catch up. The sources of money, mostly federal, are asking where the process will end and so we need the recovery plans. Need to get the answers to the sources of the money so we can get it to where it is needed.

David reported that Nisqually would be okay if they didn't get funding some year but knew that the funding was going for the greater good in another area. But the process hasn't gotten to that point yet.

Jeanette Dorner, Nisqually, understands that the Board is under some restrictions that are not of its own making. Wants to go on the record to say that acquisition should be a priority and missing out on acquisition/protection may cost more in the long run.

Jeanette asked about nearshore funding, she had heard it had been decreased. Tim Smith responded that the PSNRP project funds have increased but the administrative funds have been decreased.

Jeanette reported that nearshore is critical to the Nisqually strategy. New information this week about the number of tags coming from other WRIAs. Need explanation in February on how all nearshore projects can be evaluated so that lead entities are not dinged for disconnected projects when in fact all of these are connected.

Jim Fox explained the technical review process for nearshore will be looking at all the nearshore projects and will look at them on an individual basis as well as fit in the overall nearshore efforts.

Jeanette believes that caps should not be put into place. A project should be evaluated for the needs of the fish not on the cost of the project. Feels large-scale projects should be worked on. One project that the Nisqually is working on is a large-scale project that they may not be able to get funded if a cap is in place.

The Chair noted that if the Board has limited funds for acquisition and if it gets a project from one lead entity that takes all the funding it may take money from other lead entities.

Jeanette echoed David Troutt's sentiment that Nisqually is willing to forgo funding in their lead entity area if the funding is going to the best projects for the fish in another area.

Director Johnson distributed a handout from the Regional Fisheries Enhancement Group (RFEG) Coalition providing their comments on the 5th Round process.

Shirley Solomon, Skagit Watershed Council, reinforced the two letters in the meeting packet from the Skagit Land Trust and The Nature Conservancy. Skagit places great value in functioning habitat. They value protection of functioning habitat and their strategy favors protection over restoration. They will take the message forward to the Legislature on need for acquisition. Acquisition is an important tool that needs to be available.

The Chair will take the message forward also but there are concerns about acquisition around the state and they are legitimate concerns. Right now the Legislature is hearing the concerns but they need to hear both sides.

Jim Fox reviewed the 5th Round issues needing SRFB decisions.

OVERALL APPROACH

Overall approach shifts from evaluating projects to evaluating project lists and includes “red flagging” and fit to strategy. Local groups may evaluate projects for benefit and certainty. Allocation will be guided by the evaluation of fit of the lead entity list to the lead entity strategy rather than the benefits and certainty of individual projects.

The Board is in agreement with this approach. Communication of this information will be critical.

REVIEW AND TECHNICAL PANEL

Utilize a Review Panel with technical and nontechnical members for evaluating “fit to strategy.” Utilize a pool of technical advisors to evaluate the technical aspects of individual projects and “red flag” projects that are not technically sound. This process will need to be very clear, not more bureaucracy, same budget as in the past grant rounds, same number or fewer people on the Review Panel. Written materials need to be clear and more explicit about the process. This is one Review Panel with technical subcommittees. Chair is concerned about the “red flag” wording and would rather not use this wording. Jim Fox said the wording “note to the board” projects has been used in some literature.

The Board agrees with the Review Panel and technical subcommittees to review “fit to strategy” and technical review of projects with “note to the board” on projects the technical committee identifies as not being technically sound.

CONTACT WITH LEAD ENTITIES

The contact between the Review Panel and Technical Advisors and lead entities before projects are submitted to the Board would be optional, at the request of the lead entities, but would be highly recommended.

The Board is in agreement with this approach.

PREALLOCATION

Preallocate 35% of \$26 million? If so:

- o 19% divided equally
- o 8% based on number of listed species
- o 6% based on number of salmonid river-miles plus marine shoreline miles
- o 2% based on whether or not the lead entity encompasses an entire salmon recovery region and is undertaking regional recovery planning

Base funding would be for qualified projects.

The base would be 35% of whatever the final funding amount is.

ITF suggesting base funding for projects be reviewed for technical soundness only.

Brenda McMurray has a concern about funding projects that don't fit to strategy. Just because a project is technically sound doesn't mean it fits the strategy.

Steve Tharinger noted that the benefit and certainty questions have some link to the strategy. There is sequencing that will add to the strategic aspect of the funded projects.

Brenda is concerned that the Board is going to two different standards for projects.

Steve noted that Tim Smith has a graphic of how the filtering works.

Jim Fox reported that the process gives additional authority to the lead entities to rank projects on their list to put the top projects that are best being both technically sound and fit to strategy. Some lead entity may put projects to the top of their list that don't fit the strategy but this would lower chances to get the next level of funding.

Chair Ruckelshaus feels the Board needs to show trust of the lead entities that they will bring the best projects to the top of their list.

Jim Peters voiced concern based on the first funding cycle where some "high-high" projects were ranked below the "medium-medium" projects because of public support. If this is a locally driven process and the political aspects come into the process, the best projects for the fish may not be at the top of the list. He would feel better if this Round is considered a pilot project and can change in the next cycle if it doesn't work.

Chair Ruckelshaus assured Jim it will change and explained the discussion on the unintended consequences that may happen in this process.

Steve Tharinger noted that funding the lead entity lists with mediocre projects on the top and sacrificing the better projects to the lower end of the project list will be visible to the Board. It is the lead entities' choice to risk the additional amount of funding.

The Chair would like to make sure that in communication of the Fifth Round the Board puts in wording such as "we assume you will be placing your highest ranked projects that are technically sound and fit your strategy at the top of your lists."

Jim Fox responded that he could put this wording in the Fifth Round Q&A document.

Tim Smith noted that the lists need to fit the lead entity's priorities; the Board can't decide what the lead entities' priorities should be.

Brenda understands and is willing to go another year of testing. In a time of restricted funding, our first level of funding should be the projects that are most technically sound and strategically part of the plan. She won't block the decision-making, but is concerned. She heard the lead entities say that they want to be judged on their portfolio, not on a project-by-project basis. Suggested using the words "meet local strategy" throughout the documentation.

Jim Peters discussed that "benefit" is the resource but "certainty" is more of a timing issue. Taking out a culvert upstream from another blockage that won't get taken care of for several years could meet benefit criteria but for certainty it may have been better to take out the downstream blockage first.

Director Johnson explained that, with culverts, the process should take care of that concern. Fund culvert removals with a high Priority Index (PI).

Brenda would recommend getting rid of the 2% for regional work. Maybe give a higher percentage to multiple lead entities working together. She stated that the Board needs to encourage collaboration between lead entities.

Steve Leider noted that the more you orient at the ESU scale the better. Shared lists are better. One option – regional boundaries for Puget Sound to three separate groupings (north, south, and central) instead of one region.

Chair Ruckelshaus noted that the Board could approve the basic idea of pre-allocation, having ITF clarify the 2% or remove the 2% if not able to come up with a better rationale at the February meeting.

Craig Partridge noted that there is reluctance by the Board and ITF to use a scoring system for funding. It will depend on how the lead entities feel about their scores. Craig would increase the discretionary amount and not put as much weight on score of fit to the strategy.

Brenda does not want the Board to back away from the principal of looking at the fit to strategy.

Steve doesn't want the ITF to get into the business of wordsmithing. The ITF will come back with clearer criteria and how to allocate funding.

The Board then discussed the percentages and how to rate and rank the projects and then figure out the percentages for the different lead entities. ITF needs to continue to work on this subject.

Board agreed to the 35% pre-allocation. The ITF will come back with clarifying language, descriptions, and develop a scorecard for the 65%.

Chair Ruckelshaus would like the ITF to look at the process on how the Board will make the decisions next December.

HOW WILL THE BOARD MEET THE RESTORATION MINIMUM?

Prorate or separate process or look at dealing with the non-restoration projects in a different process. Steve Tharinger recommends a separate competitive process for these funds.

Chair Ruckelshaus stated the restoration limitation will not affect overall funding of list.

Director Johnson said it may be hard to detail the acquisition funding process until staff knows what the list will look like. Staff will need to come back to the Board with a final recommendation once the lists have been submitted.

HOW WILL THE REVIEW PANEL BE APPOINTED?

Names will be brought forward through lead entities and others. The list of candidates will then be taken to a subcommittee consisting of the Chair and one other Board member. Review panel will be six to eight people with a variety of disciplines and life experience to make-up a well-rounded panel. They will have more than a scientific background. Staff needs direction soon so they can get the panel together to be able to start working with lead entities.

The Chair suggested a Review Panel of three with a technical pool to pull from, depending on what each lead entity needs.

Jeanette Dorner, Nisqually, is concerned with the community review person.

Director Johnson believes the Board needs a smaller panel, no less than three no more than eight, consisting of both technical and community expertise.

Steve Tharinger would go with five panel members.

The Board is okay with process used in the past to approve the panel.

TIMELINE

Lead entity lists and copies of their current strategy will be due to the SRFB on July 16, 2004. Final funding decisions will be made at the December 2-3, 2004 SRFB meeting.

The Board is okay with this timeline.

CRITERIA FOR "PROJECTS OF CONCERN"

The ITF will look at criteria again and bring recommendation to February meeting.

CAPS

The ITF is still undecided on this issue.

The Chair believes that if the Board wants to stress the strategies then they shouldn't put caps on any project amounts. Every project will not get funded but the Board needs to see the whole picture.

Steve Tharinger reported that the ITF would be okay without having caps.

Director Johnson wants an honest list and feels caps would change the list.

Craig Partridge commented that the way the process is now, there is no advantage to put a high cost project on the list to try to get the first project funded.

Board decided to not have caps on project amounts.

RESTORATION DEFINITION

Jim Fox presented this agenda item. (See notebook tab #3 for details.)

Two comment letters were received during today's meeting, one from the Association of General Contractors (AGC) and one from the Regional Fisheries Enhancement Group (RFEG) Coalition.

Brenda McMurray asked how the restoration definition would work.

Director Johnson noted that much of the details will be in the manuals under 'eligible items'.

Chair Ruckelshaus is concerned with how acquisition becomes part of a restoration project. Doesn't want to have restoration defined so broadly that acquisition is part of that definition. Jim Peters also has concerns.

Craig Partridge suggested allowing combination projects but have the acquisition dollars count toward the acquisition limit.

Steve Tharinger asked how this acquisition limitation came about.

Director Johnson said staff is not sure how it all came about. Believes it happened during the last hours of the 2003 legislative session. There was no public testimony, and she is not aware of the Legislature talking to any lead entities or staff about this change.

The Chair and Craig want to live up to the letter of the law and keep the acquisition costs separate from the restoration costs.

Brenda would like to start having the discussion on passive restoration. Letting land go back to the natural processes, such as dike removals.

Jim Fox reported that the accounting of separate funding for restoration and acquisition will be a little harder but staff can do it.

2004 PROGRAMMATIC FUNDS

Jim Fox presented this agenda item. (See notebook tab #4 for details.)

The Chair reminded the Board that these funds would also come out of the amount that could be used for acquisitions.

Brenda McMurray's idea would be to see the entire list (both projects and programmatic requests) at the same time so the Board would be able to decide priorities at the same time.

Tim Smith noted that some of the programmatic funds have been allocated on state fiscal year fund cycles.

Director Johnson responded that staff will need to develop criteria or a process and bring it back to the Board for a final decision on this process.

BENEFITS AND CERTAINTY DEFINITIONS

Rollie Geppert presented this agenda item. (See notebook tab #5a for details.)

Rollie explained the spreadsheet on definition of benefit and certainty.

Jeanette Dorner, Nisqually, is not sure whether the Board would be requiring the benefit and certainty for lead entities to rank projects or not.

Director Johnson reported that in the current process, a low benefit or certainty project would be a "red flagged" project and would probably be removed from the list by the Board.

The Chair responded that staff may need to define pass/fail not benefit/certainty.

Rollie explained the thinking behind the development of the benefit/certainty matrix.

Doug St. John, ITF member, appreciates the Board looking at the projects on a statewide basis and recommends approving the definitions for high, medium, and low benefit and certainty and let the local lead entity decide how to use this criteria.

Don Ammon, Pacific County, finds the definitions helpful and will use these bullets when ranking projects in his lead entity area. Does have concern if all the items need to be met.

Steve Tharinger believes the Board needs to get to a pass/fail system on the project lists.

Chair Ruckelshaus asked about the criteria for pass/fail and if that is the main thing to identify. He would like to get the information out for further comment. The Board needs to explain how they plan to use the criteria.

Craig Partridge suggested having the ITF look at this topic again and get assistance from LEAG.

The Chair is resisting further requirements. Need to keep simple.

Tim Smith is uncomfortable with the Board making a decision on funding using the lead entities' scoring criteria.

ITF will continue to work this issue and bring it back to the February Board meeting for final decision.

PROJECT ELIGIBILITY

Engineered Log Jams

Director Johnson presented this agenda item. (See notebook item #5b for details.)

The Chair asked if the Board felt comfortable that they have learned enough to make ELJs eligible. Tim Smith, Steve Tharinger, and Jim Peters are all okay with engineered logjams being eligible in this grant cycle.

Chair Ruckelshaus is not comfortable that the Board has learned enough to make this decision yet. Believes the Board needs an independent review/evaluation of the process. But what he hears from the rest of the Board is that they are okay with ELJs being eligible.

ELJs are eligible in this grant cycle.

Forest And Fish

Director Johnson presented this agenda item. (See notebook item #5c for details.)

For small forestland owners legislative changes in 2003 allowed small forestland owners to not have the RMAP requirement and provided a \$2 million fund source for assistance with culvert removal on their property. Some have asked SRFB to also allow eligibility to receive SRFB grants.

Staff provided options on page 4 of memo for Board review. If eligible, staff would recommend that criteria be fairly restrictive, at least for the first test of the utility of this

approach. At a minimum, eligibility would be limited to proposals addressing fish passage and sediment delivery on or originating from forestlands.

These options have not been released for public comment yet and have not been reviewed by the Forest Practices Board.

Craig Partridge would be interested in what stakeholders have to say about this proposal.

Chair Ruckelshaus voiced concern about not waiting to see how the new Family Forest Fish Passage (FFFP) program works before making forest practice items eligible through the SRFB.

Director Johnson stated that making forest practice items eligible had been a request by the lead entities.

Jim Peters reported that the NRCS and the Legislature have both helped the small forestland owners out and the large industrial landowners had a negotiated responsibility under the Forests and Fish (F&F) plan. The SRFB should not make this an eligible item. If the Legislature directs the SRFB to make this an eligible item then so be it, but he feels this is a requirement made in good faith and should be their responsibility.

Craig reported that DNR tracks the planning work, which the industry had five years to complete, and so far this part of the process is going faster.

Tom Laurie thinks small forest landowners will need more assistance than was provided by the Legislature so if the Board does decide to fund forest practices then it should be for small forest landowners first.

The Chair didn't hear a groundswell of support for adding this as an eligible item.

Mike Johnson, Pacific County, believed the FFFP program funding was for only a portion of the state not statewide.

Debra Wilhelmi reported that this is a statewide program.

Craig replied that the confusion could be in a suggestion for a pilot program that was to focus on the two WRIs that have the most small landowner blockage information. May be where the idea of only part of the state comes from.

Jeanette Dorner, Nisqually, supports recommendation to add forest practices to the eligibility items.

The Board decided to not make project required under F&F eligible in this grant cycle.

PROCESS FOR MANUAL ADOPTION

Director Johnson noted that in February additional recommendations would come back to the Board for final decision.

Manual needs to be adopted in a formal meeting.

The December 2003 meeting was adjourned at 3:30 p.m.

SRFB APPROVAL:

William Ruckelshaus, Chair

Date

Future Meetings: February 19 & 20, 2004 – Olympia, Washington
 March meeting may need to be changed.