

SALMON RECOVERY FUNDING BOARD

MINUTES - REGULAR MEETING

January 25 & 26, 2007

Natural Resources Building
Olympia, Washington

Day 1

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

William Ruckelshaus, Chair	Seattle
Steve Tharinger	Clallam County
Joe Ryan	Seattle
David Troutt	Olympia
Carol Smith	Designee, Conservation Commission
Dick Wallace	Designee, Department of Ecology
Sara LaBorde	Designee, Department of Fish and Wildlife
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Designee, Department of Natural Resources
Barb Aberle	Designee, Department of Transportation

CALL TO ORDER

Chair William Ruckelshaus opened the meeting at 1:45 p.m.

The agenda was reviewed and adjusted to have the Conservation Reserve Enhancement Program (CREP) presentation first.

CONSERVATION RESERVE ENHANCEMENT PROGRAM UPDATE:

Carol Smith introduced this agenda item. (See notebook item #3 for details.)

CREP is a joint partnership between the State of Washington and United States Department of Agriculture (USDA), and is administered by the Washington State Conservation Commission and the Farm Services Agency (FSA). The agreement was signed in 1998 and provides incentives to restore and improve salmon and steelhead habitat on private land.

Dick Wallace asked Carol if she knew the amount spent on CREP to date.

Carol thought the total amount spend on CREP was around \$15 million.

Dick stated that it will be interesting to see what happens when current leases end and whether or not they will be signed up again.

Carol noted that the first leases will be up around 2009. It will be interesting to see if they apply for another CREP lease or look to Washington Wildlife and Recreation Program (WWRP) for funding.

Joe Ryan asked about the total maximum daily loads and how issues are being coordinated to help with the 303d compliance issues.

Dick didn't know the answer to Joe's question, but was willing to bring information to another meeting if the Board would like an update.

REVIEW AND APPROVAL OF DECEMBER 2006 MEETING MINUTES

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

MANAGEMENT AND STATUS REPORTS

Director's Report

Director Laura Johnson provided this agenda item.

Director Johnson introduced Rachael Langen, new Deputy Director for the Interagency Committee for Outdoor Recreation. She also highlighted information about the proposed agency name change.

Financial Services Report

Director Laura Johnson presented this agenda item outlining the current status of the Board's funding. She reported on the work Mark Jarasitis and Rollie Geppert's team have been doing on closing out the grant cycles of 2000 and 2001.

Director Johnson reviewed the Governor's budget proposal for the next biennium. About \$60 million total would be available for the Salmon Recovery Funding Board (SRFB) in the capital budget. This includes earmarks, administration funds, and various project funding. The operating side of the budget will continue at its current level.

Congress is currently working under a Continuing Resolution. Until they make a decision on the budget we will not know exactly what the SRFB will get this year, although SRFB is in a good place with the Pacific Coastal Salmon Recovery funding. The Federal 2008 budget will be outlined in the President's budget in February.

Director Johnson discussed the confusion between the \$42 million for SRFB and the \$42 million for Puget Sound Partnership.

Director Johnson will provide the Board with budget updates as things change.

Steve Tharinger reported on a conference call he had with Congressman Norm Dicks and confirmed what Director Johnson reported on the federal budget.

Director Johnson reported that the activities of the Governor's Salmon Recovery Office (GSRO) are being proposed to continue and to be moved to the Interagency Committee for Outdoor Recreation (IAC) for administration. The name of the office is being debated as the Governor proposed the name *Statewide Salmon Recovery Office* where some legislators prefer to keep the term "Governor's" in the title.

REVIEW PANEL REPORT – Observations from 2006-2007 Grants

Steve Leider, GSRO, introduced this agenda item. (See notebook item #4 for details.)

Steve reviewed the memo provided by the Technical Review Panel. There were no questions from the Board.

2007 GRANT ROUND PREPARATION, STAFF OVERVIEW AND SUGGESTIONS

Director Johnson introduced this agenda item and informed the Board that Neil Aaland would give the presentation. (See notebook item #5 for details.)

Neil reviewed staff suggestions, presenting the Board with questions that needed clarification and direction.

1. What timeline should the SRFB adopt? The April 2, 2007 start date may need adjusting once the other questions are presented at today's meeting.
2. Should the percentages used to determine target regional allocations be modified?

Dick Wallace noted that the Board needs to be attentive to the budget process in case there is a special allocation to the Puget Sound.

Craig Partridge does not object to the staff recommendation, but wants to make sure it is stated in the record that the regional allocations were supposed to be transitional. He doesn't want to send a message to the regions that this is a continuing percentage, but rather that it is still transitional.

Neil noted that, if the Board wants to rethink the allocations for the 2008 cycle, the Board may want to start working on the new allocations in May 2007.

On a consensus basis, the Board decided to stay with the current allocation amounts for this grant round and to start reviewing the allocations for the next grant cycle in May of this year.

3. What changes should be made to timing and functions of SRFB review activities?

Staff recommends that the Board wait to make a decision on this until March, after the homework assignment is completed.

Steve Tharinger pointed out a concern in the lead entity report. Some of the lead entities are not planning to have the Review Panel come to their area early in the process for fear of having a harder time getting a project through the process.

Dick Wallace wants to make sure that the homework assignment clearly asks how to have the Review Panel help more.

Steve Tharinger also discussed the need to include the local review process.

- 3B. Staff recommendation is to have basic project documentation available to the Review Panel before they visit a lead entity, to portion out the amount of time the Review Panel can spend at these first meetings, and for Board approval to reserve \$200,000 for the Review Panel at this time with the final budget request at the March meeting.

There was general consensus from the Board on these recommendations, but they will wait for public input before decisions on the Panel's final roles.

4. Does the SRFB want to consider modifying the eligibility requirements for projects, or should it fund all projects that emerge from the regional process?

The Chair would like a discussion and recommendation from staff and public comments on changes in criteria.

Dick Wallace discussed the concerns with projects that should be eligible or ineligible.

David Troutt asked about the legislative charge and if there are restrictions on what kinds of projects the Board should fund.

Chair Ruckelshaus responded that the Board has interpreted the charge rather broadly, however, the main criteria must be in the best interest of the fish.

Steve Leider reported that question number four came directly from the Review Panel concerns, as they want a clearer way to review the projects through the benefit and certainty questions.

David Troutt doesn't think the Board should be concerned with regularly looking at the criteria and eligibility, but would rather adjust as needed to ensure the most benefit for fish.

Dick Wallace noted that the review process needs to start at the local level and work up through the regional review.

Chair Ruckelshaus stated that the Board needs to be assured that the review is thorough enough without having the Board's Review Panel standing over the local's

shoulders. They may want to give local groups some guidance but he still wants to hear from the lead entities.

Steve Tharinger asked if there was data showing how projects that went through this process did better.

The Board will come back to the homework assignment discussion after hearing public, lead entity, and regional testimony.

STAKEHOLDER PERSPECTIVES, 2007 GRANT ROUND PREPARATION

Jeanette Dorner, Lead Entity Advisory Group (LEAG), introduced this agenda item. (See notebook item #6 for details.)

Jeanette provided an overview of the lead entity comments, stressing the desire to begin the grant cycle earlier this year. Lead entities are okay without knowing the exact amount of funds available at the beginning of the cycle. Jeanette is concerned with some of the issues listed for decision in May and would like to see them answered in March if at all possible.

Chair Ruckelshaus asked her to work with staff to make sure these issues are highlighted for decision.

Dick asked about the transition from lead entities to regions and how to be strategic in this new process.

Jeanette reported that this has been a major discussion. She continued to review the LEAG memorandum in the Board notebook, fielding questions as presented by Board members.

Council of Regions

Jim Kramer, Alex Conley, and Jeff Breckel presented this portion of the agenda.

Alex reviewed the Council of Region's thoughts on the regional process. They believe this worked well for the first time. There were a few items or tweaks needed to help the process, but those issues were addressed during staff and LEAG reports.

Jeff reiterated the success of the last grant round. He agrees with the need to start the grant round and Review Panel early. He is concerned with getting more documentation at the pre-meetings. He would be concerned with having sponsors jump through a lot of hoops at a pre-meeting only to find out the project is critically flawed and wouldn't be eligible for funding. He discussed other concerns with the process and issues needing to be decided before the next grant round.

Jim Kramer reported that the new chair of the Council of Regions is Steve Martin, with Alex Conley as the vice-chair. Jim provided a letter with recommendations from the Puget Sound Shared Strategy Group.

The Chair would like to include a question on assessment and research projects and if or how these should be eligible.

Alex noted that Steve Martin asked about having one due date for those lead entities that are also regions.

Director Johnson asked Jim Kramer about the homework assignment. In the memo to the Board it says it is due March 26th but that they are wanting the start date to be by April 1st. If this were to take place it wouldn't fit into the Board's March meeting.

Public Testimony:

Barbara Rosenkotter, San Juan County Lead Entity, would like to be able to gather information to decide on the best projects possible for the area. They need to have assessments to get data gaps filled with critical information in order to get them to a point where they can do actual projects. San Juan County is currently on hold until this question is answered. SRFB funding is their major fund source and they don't have many options.

Dick Wallace asked if there were projects that could be done now without assessments being completed.

Barbara reported that there may be restoration projects, but they don't have enough information to be able to tell if it would actually help the fish or not.

Tim Smith supported Barbara's concerns and reported that this is not just a San Juan County concern.

The Chair suggested having the Puget Sound Nearshore Ecosystem Restoration Program (PSNERP) look into developing a project to cover more of the area and not leaving it up to one lead entity.

Homework Assignment:

Staff noted the additional questions the Board requested.

Dick Wallace would like to add a question on the public contact involved in the local process.

Chair Ruckelshaus would like to know how the local officials are included in the local process.

Chair Ruckelshaus introduced Rich Innes who is a legislative liaison on salmon recovery in Washington, DC.

Tim Smith asked to have Rich provide an update.

Rich provided the Board with an update on the funding status, noting that a continuing resolution will be filed to cover through the end of fiscal year 07. They are not funding earmarks, so it may be a concern as the \$67 Million had \$25 million earmarked for Washington. This gives the National Oceanic and Atmospheric Administration (NOAA) more discretion on where to spend the money, although Washington is in pretty good shape since we have been able to show them that we are doing good work and spending the money wisely. Funding for 2008 will be back on track and he believes this will be at the current level. Once the budget is presented, there will be hearings and the committee chairs have all guaranteed to get their bills done on time, so the budget should be in place by mid-September 2007. There are a lot of groups eying the money that has come to Pacific Coastal Salmon Recovery Fund (PCSRF) in the past, so there will be a need to work on getting this funding.

David Troutt asked about earmark legislation.

Rich noted that they will need to disclose earmarks. The President's goal is to reduce earmarks by 50 percent, so it will be harder and harder to get earmarks.

Steve Tharinger asked what the definition of earmark is. To some it is anything above the President's request, others say it is anything that a member directs money to in that member's state or region.

The lead entities and other audience members were reminded to pick up their 2006 State of the Salmon Reports before leaving for the evening.

Recessed for the evening at 4:56 p.m.

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Chair William Ruckelshaus reconvened the meeting at 8:34 a.m.

PROJECT MANAGEMENT REPORT

Rollie Geppert introduced this agenda item. (See notebook item 2c for details.)

Brian Abbott, Mike Ramsey, Jason Lundgren, and Leslie Ryan-Connelly highlighted several completed projects including:

- #02-1529A, Capitol Land Trust, Gull Harbor Conservation
- #02-1574R, South Puget Sound SEG, Malaney Creek Fish Passage Project
- #04-1437R, South Puget Sound SEG, Mashel Restoration Project
- #01-1421R, Pierce County Water Programs Division, Puyallup River Setback Levee
- #05-1549R, Cowlitz-Wahkiakim Conservation District, Zmrhal's Coweeman River Project
- #00-1798C, WDFW, Chimacum Estuary Habitat Restoration
- #05-1521C, King County DNR & Parks, Raging River Preston Reach

Dick Wallace asked about projects that have passed their five-year mark and had not been completed yet.

Rollie explained that those were projects using state funding, so there is more latitude.

PARTNER AGENCY REPORTS

Dick Wallace, Washington State Department of Ecology, noted that they issued the municipal permits mentioned at the last meeting for eastern Washington and western Washington phase two. They are continuing to look at water in the Columbia Basin and are working on the Elwha Dam removal.

Sara LaBorde, Washington Department of Fish and Wildlife (WDFW), noted that she will be working with Jeanette Dorner to lead a group to look at permitting issues on the state side. She also noted that the Pacific Salmon Treaty negotiations are going on right now. PSNERP finished their grant cycle in the fall and are working on some exciting projects.

The Chair stressed the need to coordinate the many programs and efforts to make sure we are all pushing in the same direction.

Barb Aberle, Washington State Department of Transportation (WSDOT), partners with WDFW to replace culverts with a stand alone retrofit program. There are many projects needing Habitat Conservation Plans (HCPs). Just last year they replaced 17 culverts, in addition there are two SRFB projects they are partnering on. She reviewed several other salmon related projects being done by WSDOT.

STATE OF THE SALMON REPORT

Chris Drivdahl presented this agenda item. (See notebook item #7 for details.)

Chris introduced Luis Prado who was the graphic artist who helped design the State of the Salmon Report. She then reviewed the report highlighting differences between this report and past reports, including the Northeast and Coastal sections and the Bonneville Power Administration (BPA) projects. She also presented information at the watershed level, showing impacts on habitat, conversion and climate change.

The Chair believed having information at the watershed level was very good especially for legislators as they can more easily see what is happening in their area.

Carol Smith asked about the Columbia River dams because not much was said about mortality rates. She suggested this information be talked about in the next report.

Chris noted this was controversial. She isn't sure if someone will put this information in the next version.

The Chair suggested having a conversation on what should and shouldn't be in the next version which is due in 2008. Now is the time to start those discussions when it is far enough out to look at the information objectively.

Chris asked if the Chair wants the discussion at the SRFB or the Monitoring Forum meeting.

The Chair thought it should be at both places, but especially at the SRFB since it is the recipient of the funds.

Dick agrees with the Chair about having the report at the watershed level and the need for a discussion of pros and cons and of what should be in the next report.

Sara complimented Chris on the great job done on this report. She also likes the idea of the report at the watershed level, but she would limit the number.

Chris gave a quick update on the status of federal permitting. This information will be ready and presented at the March SRFB meeting. As was mentioned during Sara LaBorde's update, WDFW is starting to look at the state permitting issues.

Steve asked where the Corps fits into the federal permitting.

Chris reported that the approval letter will cover the Corps projects also. There needs to be a SRFB project in a Salmon Recovery Region with a recovery plan and a project that is part of the habitat schedule or in the recovery plan.

REGIONAL ORGANIZATIONS – OPERATIONS SUPPORT

Alex Conley presented this agenda item. (See notebook item # 8 for details.)

A panel consisting of Julie Morgan, Scott Brewer, Jim Kramer, Alex Conley, John Simms, and Sandy Dotts provided an update on regional activities.

Alex provided a presentation on the evolution of the Council of Regions.

The Council of Regions consists of eight recovery regions and six regional organizations, which include county commissioners, tribes and landowners. The organizations have finalized regional recovery plans and established trust among state, federal, and tribal governments. The next steps are to enhance public involvement and to continue forums to ensure implementation of the recovery plans.

In March the SRFB will be receiving budget requests from the six existing regional entities and an update from the Northeast and Coastal potential regions.

John Sims reported that the Northeast and Coast are on different timelines. If the Coast decides they want to go forward with a regional board, they will present an update at the March meeting and a budget request packet in June.

The Chair talked about how the SRFB has funded these efforts in the past, but believes at some point a budget package should go to the Legislature for funding.

David asked if all regions are non-profits.

The panel reported that all the regions are non-profit other than Lower Columbia and Snake, which are statutory.

David suggested the non-profits begin looking for alternate ways to get funding other than strictly by the state.

Alex pointed out that the budget listed in the presentation is an operational budget only. Most of these regions receive other funds and in-kind support for other aspects of the regional organization.

Jim Kramer reported that the Puget Sound has gotten about \$4 million from SRFB but has also raised \$2 million through other venues.

2006 GRANT UPDATE 7TH ROUND – WRAP UP

Rollie Geppert introduced this agenda item. (See notebook item #9 for details.)

- Scope of Work Modifications
- Policy Discussion
- Upper Columbia Request
- Other Regional Requests

Rollie reviewed the background information that led to the staff recommendation.

Staff recommendation is to provide regions and lead entities with the opportunity to request the remaining portion of their pre-allocation for unfunded projects on their lists or to supplement funded projects within 180 days of the December 6, 2006 SRFB meeting. After that time, unused 2006 funds would be returned to the general "pot" for distribution in the next grant round, without being earmarked for any specific region.

In one region, several projects approved for funding through the SRFB process have since been funded by other fund sources. There is also one project which has become a Project of Concern (POC) due to scope change, leaving the region with no options for funding of projects.

Joe Ryan does not want to set a precedent with decisions made on this issue and is concerned about a project converting to a POC after the review process.

Tim Smith thought option two was a good fit.

Dick noted that at this time it is a relatively small amount of money and he is not compelled to set a precedent since other regions weren't aware. He would not want to change the policy at this time, but would rather look into a more deliberate process for the next grant round.

The Chair noted that it is hard to set a policy that fits.

Director Johnson pointed out issues needing decision in May, including a process for funding lists, but they could also include a question on this issue in the homework assignment.

Steve Leider reported to Joe that the Review Panel was involved in review of the scope change causing the project to become a POC.

Steve Tharinger sees advantages in the development of regional lists and returning funds to the regions to show support in this new process. With a new permitting preapproval process, he believes the regions will start working on a larger list.

David believes that makes sense in this grant cycle but is not sure that he wants to have this as a continuing policy. He would like to hear from others through the homework assignment.

Following the discussion, on a consensus basis, the Board will not make a decision at today's meeting.

Public testimony:

Mike Kaputa, Chelan County, discussed the Upper Columbia list and the request for the 180 day decision window to help them with prioritization of projects being funded. All the projects on their list have been reviewed and none are POCs.

Steve Tharinger **MOVED** to give the Upper Columbia Region 180 days to make adjustments to their fund list. Joe Ryan **SECONDED**. Motion **APPROVED** by Board.

The Chair reiterated that this is not precedent setting.

Steve Tharinger would still like the subcommittee to review the final Upper Columbia proposal.

The Chair wants to make sure this is part of the homework assignment. They need to figure out how to adjust the process for different situations and still be flexible.

Mike noted that he would like to be given a block grant to spend as he wants but he would be concerned with losing the rigorous SRFB review process. Other funding organizations which provide match rely on the SRFB process to ensure good projects.

The subcommittee recently denied a request. This is a first for the Board. The sponsor would like to appeal this decision but staff would like to set-up a process for appeal before getting into this.

Joe Ryan provided the Board with an update on the project in question. There have been several changes and at this point they see no benefit to fish. Joe does not see

this as something to appeal as the Board gave the subcommittee authority to make decisions and recommendations to the Board.

Joe reported that project A came in and it did not get done and then they moved the money to project B which also did not get completed and now it is going to project C and he is not sure this fits anymore.

Dick Wallace thanked Joe and Mark Clark for serving on this committee. He recalled the decision matrix and different decision tiers. He does not believe he would want to add an appeal process level.

The subcommittee will work with sponsors to mitigate this issue and reach a final resolution.

2007 BOARD WORK PLAN

Director Laura Johnson introduced this agenda item.

- The Director handed out an updated SRFB funding history.
- Executive Order 05-05 will include more review of projects (archaeology & cultural resources).
- Rollie Geppert will be retiring at the end of February, 2007.
- Rollie gave his farewell speech.
- Agency is recruiting for Rollie's position and hopefully will have the position filled by the next meeting.
- Staff will have responses to the homework at the March meeting.
- In May final tweaking can be done, with more work completed at later meetings for the next grant round.
- Either the July or September meeting will be held out of the area.
- Staff needs to get ideas on topics and issues the Board wants to review or clarify.

Issues for the Board to review:

- Monitoring and SRFB role
- Elwha Dam project review
- Review of what should be in next State of the Salmon report
- Support for the regions

Staff will come back to the March meeting with suggestions and a look at four options.

Adjourned

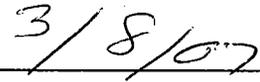
Meeting adjourned at 11:30 a.m.

Next meeting, March 8 & 9, 2007

Meeting Minutes Approval:



Chair, William Ruckelshaus



Date