



Salmon Recovery Funding Board Meeting Agenda

August 9, 2018

Conference Call - Natural Resources Building, Room 172, Olympia, WA 98501

Time: Opening sessions will begin as shown; all other times are approximate.

Order of Presentation: In general, each agenda item will include a presentation, followed by board discussion and then public comment. The board makes decisions following the public comment portion of the agenda item.

Public Comment: To comment at the meeting, please fill out a comment card and provide it to staff. Please be sure to note on the card if you are speaking about a particular agenda topic. The chair will call you to the front at the appropriate time. Public comment will be limited to 3 minutes per person.

You also may submit written comments to the board by mailing them to the RCO, Attn: Wyatt Lundquist, Board Liaison, at the address above or at Wyatt.Lundquist@rco.wa.gov

Special Accommodations: Persons with disabilities needing an accommodation to participate in RCO public meetings are invited to contact us via the following options: 1) Leslie Frank by phone (360) 902-0220 or email leslie.frank@rco.wa.gov; or 2) 711 relay service. Accommodation requests should be received by March 7, 2018 to ensure availability.

Thursday, August 9th – Conference Call

OPENING AND MANAGEMENT REPORTS

9:00 a.m.

Call to Order

- Roll Call and Determination of Quorum
- Review and Approval of Agenda (**Decision**)
- Approve June, 2017 Meeting Minutes (**Decision**)
- *Introduction of New Board Member Jeromy Sullivan*
- Remarks by the chair

Chair

9:15 a.m.

1. Director's Report

- A. Director's Report
- 2019 Calendar Discussion

*Kaleen Cottingham
Wyatt Lundquist*

BOARD BUSINESS: DECISION

9:30 a.m.

2. Operating and Capital Budget Requests for 2019-2021

Wendy Brown

- A. Proposed Operating Budget Requests
- B. Proposed Capital Budget Requests

***Public comment** will occur prior to each decision item decision. Please limit comments to three minutes.

11:00 a.m.

ADJOURN

Next regular SRFB meeting: September 12, 2018, Natural Resources Building, Room 172, Olympia, WA 98501

APPROVED BY RCO DIRECTOR KALEEN COTTINGHAM

Meeting Date: August 9, 2018

Title: Setting Funding Request Levels for 2019-2021

Prepared By: Wendy Brown, Recreation and Conservation Office, Policy Director

Summary

The Recreation and Conservation Office (RCO) will submit its 2019-21 biennial budget request to the Office of Financial Management by September 12, 2018. This memo presents the 2019-21 biennial operating and capital budget proposals to the Salmon Recovery Funding Board for approval.

Board Action Requested

This item will be a:

- ☒ Request for Decision
- ☐ Request for Direction
- ☐ Briefing

The Recreation and Conservation Office (RCO) will submit a biennial budget request for the 2019-2021 biennium to the Office of Financial Management (OFM) by September 12, 2018. It will include operating budget decision packages, capital budget requests, and authorization to spend federal funds received during the biennium.

Federal Funding Level

The board receives annual federal Pacific Coastal Salmon Recovery Fund (PCSRF) awards administered through the National Oceanic and Atmospheric Administration (NOAA). The minimum required match is 33 percent. The PCSRF announcement and awards are made on an annual cycle. RCO applies for each award in the spring and receives funding in October. This year, RCO applied for \$25 million, the maximum allowed, and has received confirmation from NOAA that we will receive \$18.8 million.

The RCO recommends including an authorization to spend \$50 million in federal PCSRF awards, which is the total potential grant award during the 2019-21 biennium.

The alternatives for selecting the amount to request in state funding is set forth in the remainder of the memo.

Planning for 2019-21 Operating and Capital Budget Requests

Washington State enacts budgets on a two-year cycle, effective on July 1 of each odd-numbered year. The budget approved for the 2019-21 biennium will be effective from July 1, 2019 through June 30, 2021.

The Recreation and Conservation Office (RCO) will submit its 2019-21 biennial budget request to the Office of Financial Management (OFM) in September 2018. The Salmon Recovery Funding Board (board) must make decisions at its August 9, 2018 meeting regarding the amount of state funds that RCO should include in its operating and capital budget requests related to salmon activities and programs.

The 2019-21 operating budget outlook is predicted to have the usual pressures. The good news is that the state believes it has met its McCleary obligations by investing an additional \$5 billion in the current biennium in K-12 Education. However, the next big challenge for the operating budget will be investing in the state's behavioral health system. So far, an additional \$121 million has already been obligated for behavioral health improvements in the 2019-21 biennium and more investments will likely be identified. General government spending and collective bargaining will put additional pressures on spending. The official budget outlook for the 2019-21 biennium adopted by the Economic and Revenue Forecast Council projects only \$88 million in unobligated balance at the end of the biennium.

The capital budget outlook will likely be stable, barring spikes in interest rates or drastic changes in economic factors. Estimated bond capacity in the 2019-21 biennium, given the most recent revenue forecast, is \$3.2 billion, which is approximately \$300 million higher than the current biennium. Competing pressures for bond funding in the upcoming biennium include increased K-12 school construction, behavioral health capacity, and housing to address homelessness. There were also a large number of construction projects where the design was funded in the 2017-19 budgets, which will create intense competition for construction funding in the 2019-21 budget.

While RCO administers many capital grant programs, this memorandum focuses on the funding for the Salmon Recovery Funding Board grant program. Other salmon recovery grant program funding level requests will be decided based on recommendations from other state agencies who jointly manage those programs (Estuary and Salmon Restoration Program, Puget Sound Acquisition and Restoration Program, Coastal Restoration Grants, Brian Abbott Fish Barrier Removal Board, and Family Forest Fish Passage Program).

Operating Budget

The RCO is seeking board approval for the following operating budget decision packages related to salmon recovery. Decision packages are required by the Office of Financial Management when agencies are proposing new budget items.

1. Fund Shift of a Portion of Lead Entity Baseline Funding to the Operating Budget and Enhanced Funding for Regional Organizations. Total request = \$866,500

Base Funding for Lead Entity Capacity – Operating Budget Shift

In the 2017-19 budgets, the Legislature included \$2.4 million in lead entity capacity funding as part of the SRFB (Salmon-State) capital appropriation and \$907,000 in general funds in the operating budget. Currently, it takes \$2.5 million in the capital budget and \$907,000 in the operating budget, for a total of \$3.407 million, to fund the lead entity process. Given the nature of the work done by the lead entities, our estimate is that approximately 50% of the work can be directly tied to project development and thus eligible to be funded by the capital budget. The ratio will be better defined as part of the lean project.

Thus, using the idea of 50 percent of the baseline lead entity capacity funding coming from the operating budget and 50 percent coming from the capital budget, we are proposing to request \$796,500 in new general fund state dollars for lead entities. With the carry forward funding of \$907,000 in the current budget for lead entities, this represents a total of \$1,703,500 for lead entity capacity in the operating budget. The remaining \$1,703,500 in capacity funding will be requested in the capital budget as part of the SRFB appropriation. This approach represents a

change from the current funding split of lead entity capacity funds appropriated in the operating and capital budgets and will require a decision package from RCO. We believe this new proposed split of funding between operating and capital budgets more accurately reflects the work of the lead entities and is necessary to ensure that we are spending general obligation bonds in accordance with direction set forth by the Office of Financial Management.

We are also proposing to ask for an increase in funds to lead entities, should the capital appropriation for projects rise above \$16.5 million and will do so as part of the capital budget request – see below for more details.

Enhanced Funding to the Regional Organizations

Also included in this decision package will be \$70,000 in general funds for the regional organizations to engage in orca recovery efforts related to increased hatchery production of Chinook salmon. Some of the recommendations coming from the Orca Task Force may recommend increasing hatchery production. This decision package will allow the regional organizations to collaborate with the Washington Department of Fish and Wildlife to minimize the impact of hatchery salmon on wild salmon.

2. Facilitated Update of the Statewide Salmon Recovery Strategy. Total request = \$150,000

It has been nearly 20 years since development and adoption of *Extinction is Not an Option*, the statewide salmon recovery strategy. We believe it is time to review and update the strategy, given all that we have learned in the past 20 years. This request will include funding for a facilitator, GSRO staffing, and other administrative costs.

3. Fund Shift from WDFW and Ecology Budgets to RCO Budget for GSRO Support. Total request = \$288,000

In the early years of the Governor’s Salmon Recovery Office, staff were “loaned” from various agencies to the Governor’s Office. When the GSRO was transferred to RCO in 2009, the other agencies provided funding through inter-agency agreements to cover several of the employees. Since 2009, every biennium after the budgets are adopted, RCO negotiates with WDFW and Ecology for funding to cover several of the FTEs in the GSRO. This creates uncertainty about whether funding will be available to a point in the year after the Legislature has adjourned. To bring some stability and certainty to the GSRO, we will propose to OFM that this funding be shifted from the budgets of WDFW and Ecology and permanently appropriated to RCO in the biennial budget.

Table 1. Summary of Proposed Salmon-Related Operating Budget New Requests (Decision Packages)

Decision Package for General Funds in the Operating Budget	New Funding Request
Lead Entity and Regional Organization Capacity Funding	\$866,500
Update of Statewide Salmon Recovery Strategy	\$150,000
GSRO Budget Stabilization Shift	\$288,000
Total	\$1,304,500

Capital Budget

Of the six salmon programs administered by RCO, four are managed jointly with other agencies: Estuary and Salmon Restoration Program (ESRP), Puget Sound Acquisition and Restoration Program (PSAR), Family Forest Fish Passage Program, and Brian Abbot Fish Barrier Removal Board. The Salmon Recovery Funding Board has exclusive authority over the SRFB grant program and shares authority over the Puget Sound Acquisition and Restoration Program with the Puget Sound Partnership.

However, the decision before the board on August 9, 2018, will focus exclusively on the Salmon Recovery Funding Board grant program. Budget requests for two of those other grant programs – ESRP and PSAR – have been set in consultation with the other managing agencies and are reported below. The board will be asked to support the funding requests in those other grant programs.

From discussions at the June 2018 SRFB meeting, the proposal before the board includes a funding request level based on three elements:

- Projects identified in the lead entities' four-year project forecasts
- Focused investments on projects for two species that are close to achieving Endangered Species Act-viability (recovery) (Summer chum in Hood Canal and Steelhead in the Mid-Columbia)
- Enhanced capacity funding to lead entities to manage the project development process should there be project funding above the 2017-19 level

Projects in the Lead Entities' Four-Year Project Forecasts

The number and amount of planned grant requests for salmon recovery projects is a factor in determining the amount of money that should be requested in the next biennium.

In lieu of soliciting grant applications in advance of the budget submittal for 2019-2021, the Habitat Work Schedule (database) was used to generate a list of anticipated future proposed projects and costs based on current four-year project forecasts. A data pull of projects included in the Habitat Work Schedule from the lead entities' four-year forecast yielded a total of approximately 300 projects for a total of \$306 million. At the June 2018 SRFB meeting, the board expressed interest in using this metric as the basis of the funding request and was most interested in the three highest percent levels presented. Those three options and associated dollar amounts are shown below in Table 2. The board may select one of the three options shown below or another percentage level all together.

Table 2. Potential SRFB Capital Budget Request based on Percentage of Projects from Lead Entity 4-Year Forecast

Percent of Total	SRFB Capital Budget Request Amount (Based on a Total Project Amount of \$306 million)
15	\$45,900,000
20	\$61,200,000
25	\$76,500,000

Focused Investment: Amount Needed to Achieve ESA-Viability for Salmon in Two Regions

The end goal of all of our efforts is the recovery of salmon and the process of achieving “de-listing” under the Endangered Species Act (ESA). To that end, populations in two salmon recovery regions are close to achieving ESA-viability: Hood Canal Summer Chum Salmon and the Mid-Columbia steelhead. Viability is the technical determination used to evaluate if a species can be considered for de-listing by the National Marine Fisheries Service (NMFS). Achieving ESA-viability in even one of the salmon recovery regions would not only be a major success for those who have worked for years on the ground, but also for the Governor, Washington Legislature, and our delegates in Congress who advocate for and appropriate funding for this work.

In addition to the regular SRFB appropriation request, we recommend the board consider requesting funds for a suite of specific projects in one or both of these regions that will significantly move us towards viability and a potential delisting determination by NMFS (Tables 3 and 4). These projects have been identified as focused habitat protection and restoration actions ready for implementation in the next three to four years. While de-listing is not a guarantee, given other factors that affect salmon population viability such as ocean conditions and predation pressures, we believe from conversations with NMFS that the projects listed below will get us within striking range of achieving recovery of Hood Canal summer chum and Mid-Columbia Steelhead populations.

Table 3. Projects to Achieve ESA-Viability of Summer Chum Salmon, Hood Canal Salmon Recovery Region

Project	Project Cost
Big Quilcene River Floodplain and Riparian Protection and Restoration	\$3,300,000
Snow and Salmon Creeks Restoration and Reconnection	\$2,400,000
Dosewallips Rivers large woody debris installation	\$800,000
Union River large woody debris installation	\$500,000
Dewatto River habitat protection for possible reintroduction efforts	\$800,000
Big Beef Creek Habitat Protection/Reintroduction and Estuary Restoration	\$2,000,000
Total	\$9,800,000

Table 4. Projects to significantly improve ESA Viability Status of Mid-Columbia Steelhead Populations within the Yakima and Snake River Salmon Recovery Regions

Project	Project Cost
Barrier Removals in the Caribou Major Spawning Area	\$1,800,000
Barrier Removals in the Naneum Major Spawning Area	\$3,200,000
Wenas Barrier and Screening Assessment	\$200,000
Kittitas Reach Acquisitions and Floodplain Restoration	\$1,500,000
Little Naches Floodplain Restoration Phase II	\$600,000
Gap to Gap Reach Floodplain Restoration (Yakima County proposed habitat elements in conjunction with Corp of Engineers funded levee setback)	\$800,000
Wapato Reach Floodplain Restoration	\$600,000
Mill Creek fish passage, Walla Walla River instream flow enhancement, Touchet River floodplain restoration and protection	\$7,000,000
Total	\$15,700,000

Capacity Funding

As stated above, we are proposing to request \$1,703,500 in base funding to lead entities in the capital budget. Additionally, we recognize the need for enhanced capacity funding to these organizations should the capital appropriation increase above the current project funding level of \$16.5 million, as greater capital funding results in the need for greater efforts on the ground to develop projects. This enhancement in lead entity capacity funding will be requested in the capital budget and will be calculated as a percentage of the appropriation amount above \$16.5 million. Therefore, we are proposing to request 1.5 percent of any capital appropriation amount that is above the \$16.5 million funding level. At the \$45.9 million option, this enhancement equates to \$441,000; at the \$61.2 million option, it equates to \$670,500 in additional lead entity capacity funding; and it equals \$900,000 in additional lead entity capacity funding at the \$76.5 million option.

Salmon Recovery Funding Board Capital Budget Request Summary

Table 5 shows the total funding amounts under the three options. Table 6 presents projected lead entity funding under the three capital budget funding options.

Table 5. Summary of Proposed Elements in the Salmon Recovery Funding Board Capital Budget Request

	2017-19 Funding	Option 1. 15% of HWS Projects	Option 2. 20% of HWS Projects	Option 3. 25% of HWS Projects
SRFB Appropriation Based on Projects in HWS	\$16,500,000	\$45,900,000	\$61,200,000	\$76,500,000
Focused Investments in Hood Canal	\$0	\$9,800,000	\$9,800,000	\$9,800,000
Focused Investments in Mid-Columbia	\$0	\$15,700,000	\$15,700,000	\$15,700,000
Lead Entity Capacity – Base Funds	\$2,400,000	\$1,703,500	\$1,703,500	\$1,703,500
Lead Entity Capacity – to address increased project funding	\$0	\$441,000	\$670,500	\$900,000
Total SRFB Capital Request	\$18,900,000	\$73,544,500	\$89,074,000	\$104,603,500

Table 6. Summary of Lead Entity Capacity Funding Under the Capital Budget Funding Options

Lead Entity Funding	2017-19 Funding	Option 1. 15% of HWS Projects	Option 2. 20% of HWS Projects	Option 3. 25% of HWS Projects
Operating Budget – Carry Forward	\$907,000	\$907,000	\$907,000	\$907,000
Operating Budget – Shift of Base Funds	\$0	\$866,500	\$866,500	\$866,500
Capital Budget – Base Funds	\$2,400,000	\$1,703,500	\$1,703,500	\$1,703,500
Capital Budget - Enhancements	\$0	\$441,000	\$670,500	\$900,000
Total	\$3,307,000*	\$3,918,000	\$4,147,500	\$4,377,000

*The additional \$100,000 needed to fully fund the lead entities in 2017-19 has come from returned funds.

Estuary and Salmon Restoration Program and Puget Sound Acquisition and Restoration

The Department of Fish and Wildlife (WDFW) determines the funding request level for the Estuary and Salmon Restoration Program (ESRP) in consultation with RCO and the Puget Sound Partnership (PSP). It is based on the number of viable projects estimated for the next funding cycle.

Table 7. Historic Funding Levels for ESRP (all figures shown in millions)

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	\$12	\$7.5	\$12
09-11	\$10	\$7	\$7
11-13	\$10	\$0	\$5
13-15	\$10	\$10	\$10
15-17	\$20	\$10	\$8
17-19	\$20	\$10	\$8

At the time of writing this memo, WDFW is requesting that RCO include a **\$20 million capital budget request** for this program in its budget request for 2019-21. This number has not been fully vetted within WDFW and may change. RCO would continue to administer the grant funds and manage the grant program. These projects are typically large scale with an average project cost of about \$1.2 million.

The Puget Sound Partnership (PSP) determines the funding request level for the Puget Sound Acquisition and Restoration (PSAR) Program. It is also based on the number of viable projects estimated for the next funding cycle.

Table 8. Historic Funding Levels for PSAR (all figures shown in millions)

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	\$100	\$42	\$40.75
09-11	\$55	\$33	\$33
11-13	\$55	\$15	\$15
13-15	\$80	\$80	\$70
15-17	\$140	\$50	\$37
17-19	\$80	\$50	\$40

PSP has requested that RCO include an **\$83 million capital budget request** for this program in its budget request for 2019-21, and is asking the board to support this amount. RCO would continue to administer the grant funds and manage the program.

Next Steps

Based on the decision of the board, RCO staff will prepare operating and capital budget requests for submittal to OFM in early September.

Approved Dates

January						
S	M	T	W	T	F	S
	31	1	2	3	4	
	7	8	9	10	11	
	14	15	16	17	18	
	21	22	23	24	25	
	28	29	30	31		

February						
S	M	T	W	T	F	S
	28	29	30	31	1	
	4	5	6	7	8	
	11	12	13	14	15	
	18	19	20	21	22	
	25	26	27	28	1	

March						
S	M	T	W	T	F	S
	25	26	27	28	1	
	4	5	6	7	8	
	11	12	13	14	15	
	18	19	20	21	22	
	25	26	27	28	29	

April						
S	M	T	W	T	F	S
	1	2	3	4	5	
	8	9	10	11	12	
	15	16	17	18	19	
	22	23	24	25	26	
	29	30	1	2	3	

May						
S	M	T	W	T	F	S
	29	30	1	2	3	
	6	7	8	9	10	
	13	14	15	16	17	
	20	21	22	23	24	
	27	28	29	30	31	

June						
S	M	T	W	T	F	S
	3	4	5	6	7	
	10	11	12	13	14	
	17	18	19	20	21	
	24	25	26	27	28	
	1	2	3	4	5	

July						
S	M	T	W	T	F	S
	1	2	3	4	5	
	8	9	10	11	12	
	15	16	17	18	19	
	22	23	24	25	26	
	29	30	31	1	2	

August						
S	M	T	W	T	F	S
	29	30	31	1	2	
	5	6	7	8	9	
	12	13	14	15	16	
	19	20	21	22	23	
	26	27	28	29	30	

September						
S	M	T	W	T	F	S
	2	3	4	5	6	
	9	10	11	12	13	
	16	17	18	19	20	
	23	24	25	26	27	
	30	1	2	3	4	

October						
S	M	T	W	T	F	S
	30	1	2	3	4	
	7	8	9	10	11	
	14	15	16	17	18	
	21	22	23	24	25	
	28	29	30	31	1	

November						
S	M	T	W	T	F	S
	28	29	30	31	1	
	4	5	6	7	8	
	11	12	13	14	15	
	18	19	20	21	22	
	25	26	27	28	29	

December						
S	M	T	W	T	F	S
	2	3	4	5	6	
	9	10	11	12	13	
	16	17	18	19	20	
	23	24	25	26	27	
	30	31	1	2	3	

SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS

Natural Resource Building, RM 172
August 9, 2018 – Conference Call

Item	Formal Action	Follow-up Action
1. Consent Agenda <ul style="list-style-type: none">Approval of June 2018 meeting minutes.Approval of the agenda	Decision Motion: Approved	No follow-up action requested.
2. Directors Report <ul style="list-style-type: none">Directors report and calendar discussion	Briefing	No follow-up action requested.
3. Operating and Capital Budget Requests for 2019-2021 <ul style="list-style-type: none">Proposed Operating Budget RequestsProposed Capital Budget Requests	Discussion and Decision Motion: Approved (through four separate motions)	Board requested a letter be sent, if necessary, to WDFW pending RFEG funding decisions.

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: August 9, 2018

Place: Natural Resource Building, Room 172, 1111 Washington St SE, Olympia, WA

Salmon Recovery Funding Board Members Present or connected via computer or telephone:

David Troutt, Chair	Olympia	Carol Smith	Department of Ecology
Bob Bugert	Wenatchee	Susan Kanzler	Department of Transportation
Jeff Breckel	Longview	Erik Neatherlin	Department of Fish and Wildlife
Phil Rockefeller	Bainbridge Island	Stephen Bernath	Department of Natural Resources
Jeromy Sullivan	Kingston	Brian Cochrane	Washington Conservation Commission

It is intended that this summary be used with the materials provided in advance of the meeting. The Recreation and Conservation Office (RCO) retains a recording as the formal record of the meeting.

Opening and Welcome

Chair David Troutt called the meeting to order at 9:05 a.m. He welcomed board, staff, and audience. Staff called roll, quorum was determined. Chair Troutt and members Bernath, Breckel, Neatherlin and Sullivan were present in-person. Members Cochrane, Rockefeller, Bugert, Kanzler and Smith called in via phone.

Motion: Agenda adoption
Moved by: Member Breckel
Seconded by: Member Sullivan
Decision: Approved

Item 1: Consent Agenda

The board reviewed the consent agenda which included approval of the June 14 -15 meeting minutes.

Motion: Consent Agenda
Moved by: Member Bugert
Seconded by: Member Breckel
Decision: Approved

Board Business: Briefing & Decision

Item 2: Directors Report

Overview: Director Cottingham provided a brief update on the LEAN process and the Orca Task Force meeting that took place in Wenatchee, WA earlier in the week. She introduced the proposed 2019 calendar for the board, and there was discussion of their schedules and potential conflicts.

Tara Galuska, Salmon Section Manager, informed the board that salmon grant applications will be due by the end of day and so far it's sizing up to be an average year as far as number of projects. She noted that she will have more information on projects of concern for the board at the September meeting.

Board discussed ramifications of Orca Task Force and how it has the potential to affect all salmon projects moving forward.

Board returned to approve the proposed 2019 meeting dates.

Motion: Adopt 2019 Salmon Recovery Funding Board (SRFB) meeting dates
Moved by: Member Breckel
Seconded by: Member Sullivan
Decision: Approved

Member Erik Neatherlin offered a brief partner report noting that WDFW's new director started last week and that there will be a congressional tour next week in the area.

Chair Troutt gave an update on the members of the resident Orca J-Pod and stressed that recovery must be an ecosystem effort.

Board Business: Decisions

Item 3: Operating and Capital Budget Requests for 2019-2021

Overview: Wendy Brown, Policy Director, provided a summary, history, and several recommendations for RCO's submittal of the 2019-2021 biennial budget request to the Office of Financial Management (OFM). Ms. Brown presented several proposals to the SRFB for consideration. RCO staff will prepare the budget request approved by the SRFB for submittal to OFM by the September due date.

Ms. Brown reviewed the proposed operating and capital budget requests. Board members discussed in detail what the various requests were moving forward and how Orca Task Force recommendations, with emphasis on habitat, may help to increase salmon funding.

Ms. Brown continued her presentation with review of the proposed capital budget request. Board members discussed importance of making sure salmon remain priority moving forward, and talked in detail about Habitat Work Schedule.

Chair Troutt discussed taking Mid-Columbia out of the focused investment budget request, noting that it's going to take more work to get to delisting there due to the fact that three states are involved in this watershed. Board members discussed the pros and cons of this and agreed that taking Mid-Columbia off the table may be the best option.

NOTE: Member Susan Kanzler was excused from the call at 10:00am.

Public Comment: Lance Winneka, South Puget Sound Regional Fisheries Enhancement Group, wanted to comment about the need for \$600k in the capital funds budget for Regional Fisheries Enhancement Groups (RFEG) and noted that these are for project development, not capacity funding. He noted that he understands this was supposed to be a one-time funding deal, but currently the RFEG's are not included in the WDFW budget request. He requested the SRFB approve placeholder funds for the RFEG's while the budgets are being discussed across agencies.

Board discussed how important on the ground work is, and how valuable the RFEG's are to getting projects done.

Members Smith and Rockefeller voiced concern over fairness of funding one sponsor, but not others. The Board discussed this and potential ramifications over funding just one sponsor with SRFB funds. The board then discussed how other organizations fund their projects to see if there may be some wisdom that could be shared.

The Board first moved the funding level in the capital budget:

Motion: Move to approve Option 3, in Item 1: Funding memo. This will cover 25% of Projects, minus funding for the focused Investment in Mid-Columbia for a total of \$88,903,500.
Moved by: Member Bugert
Seconded by: Member Breckel

Decision: Approved

Chair Troutt wanted to clarify that the SRFB isn't abandoning Mid-Columbia, only that they think it will be more beneficial to wait until there are more partners on board.

Board continued discussion for funding, or not funding, the RFEG's and how to loop WDFW in the conversation moving forward.

Motion: Move to approve \$641,000 as a placeholder for funding the RFEG, pending the outcome of discussions with WDFW.

Moved by: Member Bugert

Seconded by:

Decision: MOTION **FAILED**

The Board moved into the discussion of funding for balancing lead entity capacity between the operating budget and the capital budget:

Motion: SRFB move to recommend a LE Capacity funding request of \$796,500 in general fund, in addition to \$1,703,500 of capital budget funding request, and \$70,000 in general funds for the regions to participate in the hatchery production increase for orca survival.

Moved by: Member Rockefeller

Seconded by: Member Breckel

Decision: Approved

Board discussed funding of enhancements to the LE's due to increasing project funds and asked a few clarifying questions of Ms. Brown and Director Cottingham. Kaleen informed the board this was already approved in the first motion.

The Board then discussed the budget item to update the State's Salmon Recovery Strategy:

Motion: Move to approve the funding request for the update of the salmon recovery strategy (\$150,000) and approve the GSRO budget stabilization shift (\$288,000).

Moved by: Member Bugert

Seconded by: Member Breckel

Decision: Approved

There was no further discussion by the members of the board or the audience regarding the budget for 2019-21.

Chair Troutt adjourned the special board meeting at 10:47 a.m.

Next Regularly Scheduled Meeting on September 12, 2018

Approved by:

David Troutt, Chair

Date



REGIONAL FISHERIES COALITION

August 7, 2018

David Troutt, Chair
Salmon Recovery Funding Board
PO Box 40917
1111 Washington Street
Olympia, WA 98504-0917

Dear Chairman Troutt,

The Regional Fisheries Coalition thanks you and the rest of the Salmon Recovery Funding Board for your past support of our work through the allocation of \$641,000 of capital funds for project development during the 17-19 state biennium.

As you know, RFEs were created in statute specifically to engage local communities in salmon recovery actions. We are the only state legislatively mandated on the ground non-profit program created to accelerate salmon recovery efforts. Collectively we sponsor SRFB projects that account for approximately twenty percent of the overall SRFB grant funding each year. We are boots on the ground organizations with our primary focus on getting priority salmon habitat restoration projects done.

With the project development funds you have provided us this biennium we have been able to start working on developing the next round of important habitat projects such as:

- Riparian restoration in the Yakima Basin
- Large wood supplementation in the Teanaway River
- Reestablishment of fish passage and habitat improvements in side channels in the Yakima River
- Increasing the floodplain connection to 9 acres of oxbow and floodplain habitat in the Wenatchee River basin
- Opening up fish passage to 1.6 miles of habitat in the Pilchuck River basin
- Installation of fish screens to protect 1.1 miles of channel in the Walla Walla area
- Increasing habitat complexity and restore fluvial processes at the confluence of Boulder and Goodman Creeks in Clallam County
- Connecting side channels on the Wenatchee River and Nason Creek for ESA listed Spring Chinook

These are just a few examples of the types of projects that RFEGs are developing across the state.

While we continue to work hard to implement projects and develop new ones we also are looking to the future and the next biennium to plan what we can continue to accomplish. We know that our work now has even greater importance to the general community who are concerned not just about salmon recovery but about orca recovery. We must be working together collectively to figure out how we can accelerate the work we are doing rather than slowing down.

With your support combined with support from the state legislature, WDFW, and US Fish and Wildlife Service we have been able to avoid the huge hit to our budgets that we had originally projected if no new revenues were identified to fill the hole left by declining base funding due to market and environmental conditions. We are faced with the same situation again starting in July 2019 if funding we received this biennium is not continued into the next biennium. While WDFW is still committed to supporting us in their budget request to the state this year it is challenging for them to increase their budget request as they are dealing with a \$30 million budget hole overall.

Consequently we request that you consider in your budget decisions in your Thursday meeting including \$641,000 again in the 19-21 capital budget to support continued project development work by RFEGs. We have heard from staff at RCO that they are in conversations with WDFW about whether WDFW can increase its budget request to cover this additional amount however those conversations will not have concluded before your meeting this Thursday. We would suggest that if you would like to support our ability to continue to develop good projects that it would be prudent to at least put in a place holder in your budget request in case WDFW decides that they are unable to increase their request.

As you know salmon habitat projects can take multiple years to build the partnerships and agreements that can lead to requests for implementation funds. Having consistency in our capacity to develop those projects will enable us to maintain and even accelerate our progress in getting new projects ready to go.

Thank you for your consideration. Please let us know if you have any questions or would like additional information before your meeting on Thursday.

Sincerely,

A handwritten signature in black ink, appearing to read "Dick Wallace", with a stylized, flowing script.

Dick Wallace, Regional Fisheries Coalition Chair