



PROPOSED Salmon Recovery Funding Board Meeting Agenda

August 11, 2010

Office Building 2, Mt. Hood conference room, Olympia, WA
Board members outside Olympia will attend and participate in this meeting by conference call.

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:

If you wish to comment at a 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.

You also may submit written comments to the Board by mailing them to the RCO, attn: Rebecca Connolly, Board Liaison at the address above or at rebecca.connolly@rco.wa.gov.

Special Accommodations:

If you need special accommodations to participate in this meeting, please notify us by July 23, 2010 at 360/902-3086 or TDD 360/902-1996.

Wednesday, August 11

OPENING AND WELCOME

- 9:00 a.m. Call to Order** *Chair*
- Determination of Quorum
 - Review and Approval of Agenda (*Decision*)
 - Approval of May 2010 Meeting Minutes (*Decision*)

OTHER BOARD BUSINESS (Decisions)

- 9:05 a.m. 1A. Potential Changes in Lead Entity Support from General Fund** *Brian Abbott*
- 1B. Funding Level for 2010 Grant Round**
- Discuss and approve the funding level for the 2010 grant round

- 9:15 a.m. 2. 2011-13 Biennial Budget Decisions** *Kaleen Cottingham*
Steve McLellan
- Discuss and approve the level of the state funds to request for board salmon grants
 - Discuss and approve the level of the state funds to request for Puget Sound Acquisition and Restoration (PSAR) grants
 - Discuss and approve the level of the state funds to request for lead entities

- 11:00 a.m. ADJOURN**
- Next Meeting: October 7-8, 2010**

Meeting Date: August 2010
Title: Addressing Potential Changes in Lead Entity Support from General Fund
Prepared By: Steve McLellan, Policy Director

Approved by the Director: 

Proposed Action: Briefing

Summary

The short-term general fund budget situation has potentially become more difficult in recent weeks.

- When the legislature finished work on the supplement budget last session, it assumed that \$480 million in additional federal Medicaid assistance (FMAP) would be coming to the state. It appears increasingly unlikely that such aid will be forthcoming.
- The state's revenue projections have continued to decline with the most recent sales tax collections down over \$90 million from earlier estimates.


The net result of the decline in revenue, plus the loss of assumed Medicaid assistance, is that the state budget is projected to be in a deficit by the end of the biennium. Since the state is required to have a balanced budget, there are two main options available to the Governor: (1) she could make across the board cuts to eliminate the deficit, or (2) she could call a special session to revise the budget. As of this writing, both options are under consideration. The Governor has indicated she will act if Congress recesses in August without providing the Medicaid money.

If an across-the-board approach is chosen, the Office of Financial Management has estimated that a 4% general fund reduction would be needed. If lawmakers are called for a special session, the amount could vary more widely because some areas of the budget may be shielded from additional cuts. The following table shows the effect of general fund cuts at four, five, ten, and twenty percent.

	<i>FTEs</i>	<i>Biennial Budget</i>	<i>4% reduction</i>	<i>5% reduction</i>	<i>10% reduction</i>	<i>20% reduction</i>
GSRO	3.00	420,870	17,920	21,044	42,087	84,174
Lead Entity Admin State	1.00	193,704	8,000	9,685	19,370	38,741
Lead Entity State		1,257,972	51,360	62,899	125,797	251,594
Monitoring State	1.00	292,656	12,040	14,633	29,266	58,531
Salmon Recovery ¹ , board costs	1.16	419,316	17,440	20,966	41,932	83,863
Tech Panel State		48,986	2,000	2,449	4,899	9,797
GFS Total	6.16	2,966,000	122,760	148,300	296,600	593,200

If general fund cuts are required, the Salmon Recovery Funding Board (board) will need to decide whether to offset some or all of the cuts with funds from other sources. An offset for the lead entity program is described in Item 1B. Approaches for other functions will be discussed at the board meeting based on the information available at that time.

¹ This covers ½ of the agency director and ½ of the RCO legislative liaison

Meeting Date: August 2010
Title: Approve Funding Level for 2010 Grant Round
Prepared By: Brian Abbott, Section Manager
Approved by the Director: 

Proposed Action: Decision

Summary

Recreation and Conservation Office (RCO) staff is asking the Salmon Recovery Funding Board (board) to approve a final funding target of \$20.1 million for the 2010 grant round based on the balance of returned/available funds and the Pacific Coastal Salmon Recovery Fund (PCSRF) award for 2010.

Staff also is asking the board to authorize additional funding for the Community Salmon Fund, which is managed by the National Fish and Wildlife Foundation.

Staff Recommendation

Staff recommends that the board approve a final funding level for the 2010 grant round and authorize additional funding for the Community Salmon Fund.

Proposed Motion Language

- Move to approve a final funding target of \$20.1 million in grant awards for salmon habitat and restoration projects during the 2010 grant cycle.
- Move to approve an additional \$250,000 for the Community Salmon Fund program, managed by the National Fish and Wildlife Foundation (NFWF), for fiscal year 2010

Background

In May 2009, the board approved biennial funding for the lead entities and regional organizations through 2009 PCSRF funds. This action effectively reserved the 2010 PCSRF funds for projects.

With that in mind, in February 2010 the board set a preliminary target funding level of \$18 million for the 2010 grant round with decisions to be made in December 2010 (or before as delegated to the Director). The preliminary target was based on the state budget, estimated returned funds, and anticipated federal funding from PCSRF. Staff informed the board that they would need to set the final allocation after the PCSRF grant was awarded.

Since then, returned funds have been higher than anticipated, due in part to lower construction and property costs. In addition, the National Oceanic and Atmospheric Administration (NOAA) announced that Washington’s 2010 PCSRF award is \$27.5 million.

Analysis

Considerations in Setting the Final Allocation

Staff has calculated that \$22.6 million is available for projects and other board activities. This total includes existing federal and state funds along with returned¹ and other available funds.

- Washington State’s \$27.5 million PCSRF award includes \$16.0 million for habitat projects.
- The balance of returned funds and other available funds is about \$6.6 million. These funds can be used for projects and activities.

Staff recommends the board distribute the funds as follows. This approach benefits current activities and projects, and holds a significant amount to help the board continue its support for salmon recovery activities in the next biennium.

Item	Amount
Potential Cost Increases for Projects	\$750,000
Restore Lead Entity Potential GFS Budget Reduction *	\$150,000
Restore National Fish and Wildlife Foundation (NFWF) Small Grant Program **	\$250,000
2011-13 State Review Panel	\$400,000
Reserve for future needs ***	\$950,000
<i>SUBTOTAL, OTHER</i>	<i>\$2,500,000</i>
2010 Grant Round	\$20,100,000
Total	\$22,600,000

* This amount covers potential budget reductions in lead entity support from the state general fund (see Item 1A).

** This adds state funds to the existing 2010 contract for the NFWF Small Grant Program. In October 2009, the board approved \$700,000 of their \$1.5 million request, based on budget estimates at that time. NFWF provides a dollar-for-dollar match. Ninety percent of funds are allocated as grants.

***Future activities may include regional organization and lead entity support in 2011-2013 and an interface between PRISM and Habitat Work Schedule.

¹ “Returned funds” refers to money that was allocated to projects that either closed without spending the entire budget or that were not completed. The total comes from both reappropriations and new appropriations.

Distribution to Regions

The following table shows the regional allocations at both \$18 million (February estimate) and \$20.1 million funding levels.

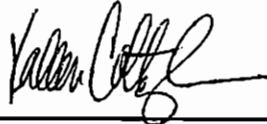
<i>Regional Area</i>	<i>Percent</i>	<i>Allocation at \$18 million</i>	<i>Allocation at \$20.1 million</i>
Hood Canal Coordinating Council	2.35%	\$423,000	\$472,350
Lower Columbia Fish Recovery Board	15.00%	\$2,700,000	\$3,015,000
Northeast Washington	2.00%	\$360,000	\$402,000
Puget Sound Partnership	42.04%	\$7,567,200	\$8,450,040
Snake River Salmon Recovery Board	8.88%	\$1,598,400	\$1,784,880
Upper Columbia Salmon Recovery Board	10.85%	\$1,953,000	\$2,180,850
Washington Coast Sustainable Salmon Partnership	9.00%	\$1,620,000	\$1,809,000
Yakima Basin Fish and Wildlife Recovery Board	9.87%	\$1,776,600	\$1,983,870
Total		\$18,000,000	\$20,100,000

Next Steps

Once the board approves the final allocation staff will inform regions and lead entities of the allocation target for their regional area.

Meeting Date: August 2010
Title: 2011-13 Biennial Capital Budget Decisions
Prepared By: Steve McLellan, Policy Director

Approved by the Director:



Proposed Action: Decision

Summary

The Recreation and Conservation Office (RCO) will submit its 2011-2013 biennial budget request to the Office of Financial Management in early September 2010. The Salmon Recovery Funding Board (board) must decide on the amount of state funds RCO should include in its capital budget request for salmon grants, Puget Sound projects, and support for lead entities.

Staff Recommendation

The staff recommendation is as follows:

- Seek enough state capital funds to meet the estimated match requirements for the 2011 and 2012 federal Pacific Coastal Salmon Recovery Funds. The match requirement is 33%. The staff estimates that Washington will receive close to \$60 million dollars from PCSRF during the 2011-2013 biennium. In order to leverage the maximum federal amount, state funds would need to be \$19.8 million for salmon habitat and restoration grants.
- Support the Puget Sound Partnership's request of \$55 million for salmon habitat and restoration grants in the Puget Sound Acquisition Restoration program. This amount will be included in RCO's capital budget request.
- Support RCO's capital budget request of \$10 million for the Estuary and Salmon Restoration Program (ESRP). This amount was determined in consultation with the Department of Fish and Wildlife.
- Support the Department of Natural Resource's capital budget request of \$10 million for the Family and Forest Fish Protection Program (FFFPP).

Proposed Motion Language

- Move to approve a capital budget request of \$19.8 million for salmon habitat and restoration grants.

- Move to support the Partnership’s capital budget request of \$55 million for salmon habitat and restoration grants in the Puget Sound Acquisition Restoration program.
- Move to approve RCO’s capital budget request of \$10 million for the Estuary and Salmon Restoration Program (ESRP).
- Move to support the Department of Natural Resource’s capital budget request of \$10.0 for the Family and Forest Fish Protection Program (FFFPP).

Background

The RCO will submit its 2011-13 biennial budget proposal to the Office of Financial Management in early September.

The financial outlook for the next biennium continues to be grim. As noted in the budget instructions, “Early projections for next biennium indicate that demand for expenditure will exceed available revenue. As a result, this budget represents a competition for limited resources, and we will continue the process of directing limited resources to those core services that prove their worth in meeting statewide objectives.” The current estimate is that the operating budget will face a shortfall of over \$3 billion.

The operating budget condition has implications for the capital budget. Because of debt limit restrictions, the size of the capital budget is directly affected by the size of the operating budget. Also, we expect there will be significant pressure to move expenses, where possible, to the capital budget. As a result, capital budget resources are likely to be tight in the 2011-13 biennium.

Salmon Protection and Restoration Projects

For salmon project grants, the 33% match that is necessary to receive federal Pacific Coast Salmon Recovery Funds helps guide the board’s request for state funding. The projected federal awards for the next biennium are \$60 million (\$30 million per year), which would require state matching funds of \$19.8 million.

Historic Funding Levels for Salmon Projects (all figures shown in millions)

Biennium	State Request	State Appropriation	Federal Award	State Match Required
01-03	\$37.0	\$26.35	\$63.9	\$21.1
03-05	\$36.0	\$12.0	\$53.4	\$17.6*
05-07	\$30.0	\$18.0	\$47.9	\$15.8
07-09	\$42.0	\$18.0	\$46.9	\$15.5
09-11	\$24.0	\$10.0	\$56.5	\$18.6**
11-13			Estimate: \$60.0	\$19.8 (for \$60.0 award)

* Remaining match is provided from excess state funds from previous biennia.

**Remaining match was provided through PSAR funds.

Puget Sound Acquisition and Restoration

The board distributes Puget Sound Acquisition and Restoration (PSAR) funds to salmon projects in coordination with the Puget Sound Partnership (Partnership) and the Puget Sound Salmon Recovery Council.

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

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	\$100.0	\$42.0	\$40.75
09-11	\$55.0	\$33.0	\$33.0
11-13	\$55.0		

The Puget Sound Partnership has asked the RCO to include \$55 million in its 2011-13 capital budget, and is asking the board to support this amount. The RCO would continue to administer the grant funds and manage the grant program. Based on an average project cost of about \$318,000, the requested amount would fund 167 projects.

Estuary and Salmon Restoration Program

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. It is based on the number of viable projects estimated for the next funding cycle.

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

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	\$12.0	\$7.5	\$12.0
09-11	\$10.0 (estimate)	\$7.0	\$7.0
11-13	\$10.0		

WDFW has requested that RCO include a \$10 million capital budget request for this program in its budget request, and is asking the board to support this amount. RCO would continue to administer the grant funds and manage the grant program. These projects are typically large scale with an average cost of about \$1.2 million. The requested amount would fund about 8 projects.

Family Forest Fish Passage Program

The Family Forest Fish Passage Program (FFFPP) is a three agency program (Department of Natural Resources (DNR), WDFW, and RCO) that is administered by RCO. Unlike the other requests above, the request is formally made by DNR, but included in RCO's budget.

DNR has indicated it will submit a capital budget request of \$10 million for the program, and is asking the board to support the request. The request level is based upon existing landowner projects enrolled in the program and the number of new signups estimated by DNR for the funding cycle. Based on an average project cost of about \$76,000, the requested amount would fund 128 projects.

Historic Funding Levels for FFFPP (all figures shown in millions)

Biennium	Amount Requested	Governor's Budget	Appropriation
07-09	\$23.0	\$6.0	\$6.0
09-11	\$19.6	\$6.0	\$5.0
11-13	\$10		

WASHINGTON STATE'S REGIONAL SALMON RECOVERY ORGANIZATIONS

August 10, 2010

Steve Tharinger, Chairman
Salmon Recovery Funding Board
PO Box 40917
Olympia, WA 98504-0917

RE: SRFB Agenda Item 1B

Dear Chairman Tharinger:

I am writing on the behalf of a number of the regional salmon recovery organization directors to voice our support for final funding level recommended by Salmon Recovery Funding Board (SRFB) staff for the 2010 grant round (Agenda Item 1B). Specifically, we wish to strongly endorse:

- The recommended final funding level for the 2010 grant round of \$20.1 million and the proposed allocation of the funds to the salmon recovery regions;
- Restoring \$250,000 to the National Fish and Wildlife Foundation (NFWF) Community Salmon Fund project;
- Making \$150,000 available to restore potential State General Fund (GFS) budget reductions to the Lead Entity program; and
- Setting aside \$950,000 for needs in the 2011-13 biennium.

Given the considerable fiscal uncertainty facing the SRFB, the staff recommendation strikes a prudent balance in proposing to use available resources to further on-the-ground habitat projects and protect critical Lead Entity infrastructure in the current biennium while reserving a significant balance to meet needs likely to arise in the 2011-13 biennium.

As you and the other SRFB members know so well, the funding needed for salmon habitat projects in every salmon recovery region across the state far exceeds funding available. Increasing funding available this grant round for SRFB and NFWF grants will enable additional projects addressing high priority needs to be implemented. At the same time, the staff recommendation recognizes the need to set aside additional funds to address a potential reduction in Lead Entity funding. Lead Entities play an important central role in supporting and guiding habitat protection and restoration efforts and furthering regional salmon recovery efforts. Maintaining their infrastructure and capacity is an important priority.


Finally, given the 2011-13 biennium fiscal uncertainty, we commend the staff's recommendation to set aside funds for future needs. Should funds set aside to address potential budget reductions this biennium not be needed, we would urge the SRFB to also set aside those funds to meet possible needs in the next biennium.

Sincerely,

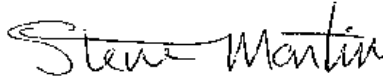


Jeff Breckel, Director
Lower Columbia Fish Recovery Board

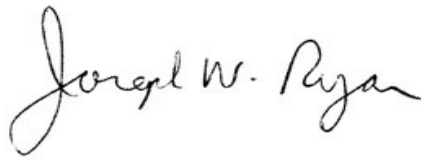




Alex Conley, Director
Yakima Basin Fish & Wildlife Recovery Board



Steve Martin, Director
Snake River Salmon Recovery Board



Joe Ryan, Ecosystem Recovery / Local Implementation Director
Puget Sound Partnership



Julie Morgan, Director
Upper Columbia Salmon Recovery Board



For
J. Miles Batchelder, Director
Washington Coast Sustainable Salmon Partnership



Scott Brewer, Director
Hood Canal Coordinating Council

August 5, 2010

Salmon Recovery Funding Board
Recreation and Conservation Office
PO Box 40917
Olympia WA 98504-0917

RE: Board Agenda Item 1B – Support for Staff Recommendation Regarding Funding Level for 2010 Grant Round

Dear Chairman Tharinger and Members of the Salmon Recovery Funding Board:

The Lead Entity Advisory Group Executive Committee expresses its support for the Salmon Recovery Staff funding recommendation for the 2010 grant round. The entire Lead Entity Advisory Group (LEAG) did not have time to meet to discuss the recommendation; however, the LEAG membership authorizes the LEAG Executive Committee to develop recommendations on their behalf in situations where there are time constraints.

The LEAG Executive Committee specifically would like to note support for the recommendations to:

- “Restore Lead Entity Potential GFS Budget Reduction” to cover potential budget reductions in Lead Entity support from the state general fund.
- “Reserve for future needs” which may include regional organizational and Lead Entity support in 2011-2013.
- “Restore National Fish and Wildlife Foundation (NFWF) Small Grant” adding additional funding for Community Salmon Fund grants supporting additional projects.

Although we are aware that recent Congressional action will likely provide additional funding to Washington State, it also seems apparent that tough economic times will continue well into the next biennium. Accordingly, we emphasize our support for the RCO Salmon Recovery Staff recommendations to ensure support of the human infrastructure that supports salmon recovery efforts across the state.

Most Lead Entity programs across the state are experiencing the same reductions in funding and staffing as are being experienced at the state and local level. The original Lead Entity funding allocations were established when the program was started in 1999 and have not increased since, not even for cost of living increases. Thus the actual funding for Lead Entities has continued to erode since 1999. Many Lead Entity programs have never received enough funding to support 1 Full Time Equivalent (FTE) staff position. This means that local jurisdictions have had to absorb additional costs in order to maintain their local Lead Entity programs at status quo. Some Lead Entities are working on such slim margins that any additional cuts will cause severe hardships and possibly the loss of entire Lead Entity programs or their experienced staff.

With local programs at risk, this ultimately impacts the ability to develop and implement high priority salmon recovery projects and keep the public engaged and supportive of salmon recovery efforts. During these difficult economic times, the recommendations to support funding of Regional Organizations and Lead Entities now and, as needed, into the future is critical for the continued implementation of necessary actions identified in salmon recovery plans. The

recommendations are also reflective of the goal to maintain the human infrastructure without which salmon recovery efforts can not occur.

While our focus is on project implementation and we advocate for funding directed towards that; it must be acknowledged that this recovery work can not occur without the human infrastructure which brings local people together to help write recovery strategies, develop and prioritize needed projects, work through issues preventing restoration, and seek funding to implement this work. None of us are fond of directing funds away from projects to support the local and regional human infrastructure. However, it is acknowledged that during these challenging fiscal times the loss of local programs and the process by which project practitioners and the general public come together to participate in salmon recovery efforts in their local area would be a significant sacrifice and potentially a permanent loss.

The LEAG Executive Committee is also pleased to see and therefore supports the recommendation for additional funding for the Community Salmon Fund grants. The funding will support this small grant program which engages local communities in salmon recovery and leads to additional on-the-ground projects throughout the state. The Community Salmon Fund grants are an effective way to involve and educate local people about salmon recovery efforts in their communities. This knowledge is needed to change behaviors and support further actions needed to recover salmon.

Thank you for your consideration. I plan to attend your meeting via conference call to be available to answer any questions.

Sincerely,

Barbara Rosenkotter
Chair, Lead Entity Advisory Group

San Juan County Lead Entity
PO Box 947
Friday Harbor, WA 98250
360-370-7593
barbarar@sanjuanco.com

August 5, 2010

Salmon Recovery Funding Board
Recreation and Conservation Office
PO Box 40917
Olympia WA 98504-0917

RE: Board Agenda Item 1B – Support for Staff Recommendation Regarding Funding Level for 2010 Grant Round

Dear Chairman Tharinger and Members of the Salmon Recovery Funding Board:

The Lead Entity Advisory Group Executive Committee expresses its support for the Salmon Recovery Staff funding recommendation for the 2010 grant round. The entire Lead Entity Advisory Group (LEAG) did not have time to meet to discuss the recommendation; however, the LEAG membership authorizes the LEAG Executive Committee to develop recommendations on their behalf in situations where there are time constraints.

The LEAG Executive Committee specifically would like to note support for the recommendations to:

- “Restore Lead Entity Potential GFS Budget Reduction” to cover potential budget reductions in Lead Entity support from the state general fund.
- “Reserve for future needs” which may include regional organizational and Lead Entity support in 2011-2013.
- “Restore National Fish and Wildlife Foundation (NFWF) Small Grant” adding additional funding for Community Salmon Fund grants supporting additional projects.

Although we are aware that recent Congressional action will likely provide additional funding to Washington State, it also seems apparent that tough economic times will continue well into the next biennium. Accordingly, we emphasize our support for the RCO Salmon Recovery Staff recommendations to ensure support of the human infrastructure that supports salmon recovery efforts across the state.

Most Lead Entity programs across the state are experiencing the same reductions in funding and staffing as are being experienced at the state and local level. The original Lead Entity funding allocations were established when the program was started in 1999 and have not increased since, not even for cost of living increases. Thus the actual funding for Lead Entities has continued to erode since 1999. Many Lead Entity programs have never received enough funding to support 1 Full Time Equivalent (FTE) staff position. This means that local jurisdictions have had to absorb additional costs in order to maintain their local Lead Entity programs at status quo. Some Lead Entities are working on such slim margins that any additional cuts will cause severe hardships and possibly the loss of entire Lead Entity programs or their experienced staff.

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recommendations are also reflective of the goal to maintain the human infrastructure without which salmon recovery efforts can not occur.

While our focus is on project implementation and we advocate for funding directed towards that; it must be acknowledged that this recovery work can not occur without the human infrastructure which brings local people together to help write recovery strategies, develop and prioritize needed projects, work through issues preventing restoration, and seek funding to implement this work. None of us are fond of directing funds away from projects to support the local and regional human infrastructure. However, it is acknowledged that during these challenging fiscal times the loss of local programs and the process by which project practitioners and the general public come together to participate in salmon recovery efforts in their local area would be a significant sacrifice and potentially a permanent loss.

The LEAG Executive Committee is also pleased to see and therefore supports the recommendation for additional funding for the Community Salmon Fund grants. The funding will support this small grant program which engages local communities in salmon recovery and leads to additional on-the-ground projects throughout the state. The Community Salmon Fund grants are an effective way to involve and educate local people about salmon recovery efforts in their communities. This knowledge is needed to change behaviors and support further actions needed to recover salmon.

Thank you for your consideration. I plan to attend your meeting via conference call to be available to answer any questions.

Sincerely,

Barbara Rosenkotter
Chair, Lead Entity Advisory Group

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Friday Harbor, WA 98250
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SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS, AUGUST 11, 2010

Agenda Items with Formal Action

Item	Formal Action	Board Request for Follow-up <i>(Due Date in Italics)</i>
Minutes	<p><u>APPROVED</u> Approved the May minutes as presented.</p>	
Potential Changes in Lead Entity Support from General Fund Funding Level for 2010 Grant Round	<p><u>APPROVED</u></p> <ul style="list-style-type: none"> • Approved a final funding target of \$20.1 million for the 2010 grant cycle • Approved an additional \$250,000 for the Community Salmon Fund program, managed by the National Fish and Wildlife Foundation (NFWF), for fiscal year 2010 	<p>Talk with NFWF about Member Troutt's concerns with Puget Sound subregion approach <i>(August/September)</i></p> <p>Reserve \$750,000 for cost increases, \$150,000 for potential lead entity reductions, and funds as presented for the state review panel, PRISM, and capacity funding in the 11-13 biennium.</p>
2011-13 Biennial Budget Decisions	<p><u>APPROVED</u></p> <ul style="list-style-type: none"> • Approved a capital budget request of \$19.8 million for salmon habitat and restoration grants • Supported the Partnership's capital budget request of \$55 million for salmon habitat and restoration grants in the Puget Sound Acquisition Restoration program • Approved RCO's capital budget request of \$7 million for the Estuary and Salmon Restoration Program (ESRP) • Supported the Department of Natural Resource's capital budget request of \$10.0 million for the Family and Forest Fish Protection Program (FFFP) 	

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: August 11, 2010 Place: Room P198, Natural Resources Building, Olympia, WA
Board members via conference call

It is intended that this summary be used with the notebook provided in advance of the meeting. Due to technical difficulties, there is no audio recording of this meeting. The meeting was moved to P198 because there was no phone service in the originally scheduled room.

Salmon Recovery Funding Board Members Present:

Steve Tharinger, Chair	Clallam County	Jon Peterson	Department of Transportation
David Troutt	DuPont	Craig Partridge	Department of Natural Resources
Bob Nichols	Olympia	Sara LaBorde	Department of Fish and Wildlife
Harry Barber	Washougal		
Bud Hover	Okanogan County		

Opening and Welcome

Chair Steve Tharinger called the meeting to order at 9:07 a.m. and a quorum was determined.

- The Salmon Recovery Funding Board (board) approved the revised agenda.
- The board approved the May 2010 meeting minutes as presented.

Bob Nichols moved to adopt the May minutes.

Seconded by: David Trout

Motion: APPROVED

Board Decisions

Item #1A: Potential Changes in Lead Entity Support from General Fund

RCO Director Kaleen Cottingham noted that this topic is a preview of anticipated general fund budget cuts. Policy Director Steve McLellan reviewed the state's budget picture, stating that revenue is continuing to decline and the pace of recovery is slowing. Budget analysts still expect 1-2% budget cuts for the General Fund during the biennium. He advised the board to be cautious and hold funding for potential budget reductions in this biennium. He noted that Item #1B includes this safety net recommendation.

Item #1B: Funding Level for 2010 Grant Round

Section Manager Brian Abbott explained that staff is recommending a \$20.1 million grant round for 2010 based on higher returned funds and the Pacific Coastal Salmon Recovery Fund (PCSRF) award. He stated that staff recommended reserving \$750,000 for cost increases and \$150,000 for potential lead entity reductions. Brian also noted that staff wanted to award additional funds to the National Fish and Wildlife Foundation small grant program and reserve funds for the state review panel, PRISM, and capacity funding in the 11-13 biennium.

Chair Tharinger clarified that the distribution is subject to board discretion and asked if the money held in reserve could be swept for other purposes. Director Cottingham responded that it is primarily federal funding, and that the state has not been inclined to sweep this kind of money.

Member Troutt asked if staff could work with NFWF to ensure that the additional funds would go to areas that did not get money under the Puget Sound subregion approach. Brian explained why the funds were distributed at the regional rather than lead entity level. Director Cottingham stated that she did not expect the regional approach to change based on the additional money, but committed to passing Member Troutt's concern to NFWF.

Bud Hover moved to approve a final funding target of \$20.1 million in grant awards for salmon habitat and restoration projects during the 2010 grant cycle.

Seconded by: Bob Nichols

Motion: APPROVED

Bud Hover moved to approve an additional \$250,000 for the Community Salmon Fund program, managed by the National Fish and Wildlife Foundation (NFWF), for fiscal year 2010.

Seconded by: Bob Nichols

Motion: APPROVED

Item #2: 2011-13 Biennial Budget Decisions

Policy Director Steve McLellan explained that the board needed to make four budget request decisions:

- the level of capital funds to request for SRFB grants;
- whether to support the Puget Sound Partnership's request for Puget Sound Acquisition Restoration (PSAR) program funding;
- the level of capital funds to request for Estuary and Salmon Restoration Program (ESRP); and

- whether to support the Department of Natural Resources request for Family and Forest Fish Passage Program (FFFP).

Steve then gave a budget overview, stating that staff expects a \$3 billion shortfall in operating budget. He explained the Governor's new budget process, including public testimony/hearings, advisory committee, and an analysis of agency operating budget activities. He noted that in the analysis, the RCO listed salmon recovery as an essential activity based on ESA requirements and tribal treaty rights. He explained that the amount available in the capital budget is dependent on the operating budget, so the situation is highly uncertain. There will be pressure to move expenses to the capital budget, and analysts expect the K-12 system to put great pressure on the budget. The staff recommendation reflects these pressures and budget constraints.

Steve noted that the SRFB grants are match for the federal PCSRF award, and stated that staff suggests asking for \$19.8 to match the anticipated awards. PSAR funds have contributed match in the past, but staff believes it is a bad practice because the money may be needed to match other federal programs.

Bud Hover moved to approve a capital budget request of \$19.8 million for salmon habitat and restoration grants.

Seconded by: Bob Nichols

Motion: APPROVED

Steve then explained that the Partnership consulted with the RCO regarding the amount for the PSAR request. They are asking the board to support a request for \$55 million. RCO would continue to manage the grants. Chair Tharinger asked if there was a demonstrated need for \$55 million. Steve McLellan replied that there is a strong list of projects to support the request, and the capacity exists to implement them.

Bud Hover moved to support the Partnership's capital budget request of \$55 million for salmon habitat and restoration grants in the Puget Sound Acquisition Restoration program.

Seconded by: David Troutt

Motion: APPROVED

Steve McLellan then explained that for ESRP, the request amount is based on the number of viable projects and the capacity to implement them. The request was revised to \$7 million after the memo was distributed. Director Cottingham noted that a group of agencies requests the funding, but that the funds go into the RCO budget and the RCO manages the

grants. The projects typically match SRFB projects and serve in a complementary role; they are not competing with each other for funds.

Bob Nichols moved to approve RCO's capital budget request of \$7 million for the Estuary and Salmon Restoration Program (ESRP).

Seconded by: Bud Hover

Motion: APPROVED

Steve McLellan then explained that the FFFPP funds are in DNR's budget, and that they are asking the board to support for their request. This amount is based on the number of participants and predicted levels of enrollment. Eighty projects are on a waiting list for this program. In response to a question from the chair, Brian Abbott noted that the amount of match required is based on the landowner and harvest level.

Bob Nichols moved to support the Department of Natural Resource's capital budget request of \$10.0 for the Family and Forest Fish Protection Program (FFFPP).

Seconded by: David Troutt

Motion: APPROVED

Conclusion

The board discussed the October meeting, and asked to meet in person in Olympia.

Meeting Adjourned at 9:46 a.m.

Approved by:

Steve Tharinger, Chair

Date