

Meeting Day Location In-Person: Room 172, Natural Resource Building, 1111 Washington Street SE, Olympia, WA, 98501. This public meeting location will allow for the public to provide comment and listen to the meeting as required by the Open Public Meeting Act. This requirement can be waived via [HB 1329](#) if there is declaration of emergency or if an agency determines that a public meeting cannot safely be held. If an emergency occurs, remote technology will be used instead.

Location Virtually: https://us06web.zoom.us/webinar/register/WN_45OOXpxYSt6NOelppOujlQ

Phone Option: (669) 900-6833 – **Webinar ID:** 871 9671 5409

**Additionally, RCO will record this meeting and would be happy to assist you after the meeting to access the recording.*

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

Public Comment: **General public comment is encouraged to be submitted in advance to the meeting in written form.** Public comment on agenda items is also permitted. If you wish to comment, you may e-mail your request or written comments to Julia.McNamara@rco.wa.gov. Comment for these items will be limited to three minutes per person.

COVID Precautions: Masks and hand sanitizer will be made available. If you are feeling ill, the Zoom webinar format is a reliable resource for home viewing.

Special Accommodations: People with disabilities needing an accommodation to participate in RCO public meetings are invited to contact Leslie Frank by phone (360) 902-0220 or e-mail Leslie.Frank@rco.wa.gov.

Wednesday, August 7

OPENING AND MANAGEMENT REPORTS

1:00 p.m.

Call to Order

Chair Breckel

- Roll Call and Determination of Quorum
- Review and Approval of Agenda (**Decision**)
- Remarks by the chair

BOARD BUSINESS: DECISIONS

1:10 p.m.

1. Operating and Capital Budget Requests for 2025-2027

Brock Milliern

- a. Proposed Operating Budget Request
- b. Proposed Capital Budget Requests

Public comment will occur prior to adopting the motion. Please limit comments to three minutes.

3:00 p.m.

ADJOURN

Next Meeting: September 24-25, 2024, Room 172 Natural Resources Building, 1111 Washington Street SE, Olympia, WA 98501 and Online via Zoom

Salmon Recovery Funding Board Direction Memo

APPROVED BY RCO DIRECTOR MEGAN DUFFY

Meeting Date: August 7, 2024

Title: 2025-2027 Budget Requests

Prepared By: Brock Milliern, Policy and Legislative Director

Summary

The Recreation and Conservation Office will submit its 2025-27 biennial budget request to the Office of Financial Management in September 2024. The request will include the funding levels selected by the Salmon Recovery Funding Board at its upcoming August 2024 meeting. This memo provides an overview and information for consideration in setting the budget request.

Text was added to the June memo for use at the August board meeting. In each section, text that comes after "*August update*" reflects the new concepts and information.

Board Action Requested

This item will be a:

<input checked="" type="checkbox"/>	Request for Decision
<input type="checkbox"/>	Request for Direction
<input type="checkbox"/>	Briefing

Introduction/Background

In August of even years, both the Salmon Recovery Funding Board (Board) and the Recreation and Conservation Funding Board determine the appropriate funding level to request for programs under their respective authorities. These requests are submitted in September, with other Recreation and Conservation Office (RCO) budget requests, which are then assessed by the Governor's Office and the Legislature for possible implementation in the 2025-27 biennium.

In previous biennia, the board was asked to decide on the level of salmon-state funding and offer support to agency partner programs funding levels. This year, the board will be asked to consider whether and at what level to request funding for targeted investments and riparian protection.

Agency Operating Budget

Funding to support RCO administration comes primarily from the administrative rate of capital appropriations and dedicated accounts. The limited general funds RCO receives primarily fund the Governor’s Salmon Recovery Office (GSRO), the Washington Invasive Species Council (WISC), and capacity funds for lead entities, and salmon regions.

In the 2023 legislative session, RCO made a successful request to increase capacity funds for salmon regions and lead entities which resulted in an increase of \$3.4 million in capacity funds.

RCO is not recommending a salmon-related operating budget request for the 2025 legislative session.

Agency Capital Budget

State Capital Budget - Bond Funding Capacity

The capital budget outlook is currently stable. Bond capacity, a major component of the capital budget, is estimated at \$4.6 billion for the 2025-27 biennium. The state will update this number before the August board meeting. Although bond capacity is strong, the pending November vote concerning the Climate Commitment Act will create uncertainty for natural resource capital budgets.

Previous Funding Levels

Table 1. Historic Funding Levels for Salmon Projects (all figures shown in millions)

Biennium	Agency Request	Agency Appropriation	Federal Award	State Match Required
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	\$54.0	\$17.8
11-13	\$19.8	\$10.0	\$50.0	\$16.5
13-15	\$40.0	\$15.0	\$40.5	\$13.4
15-17	\$40.0	\$16.5	\$38.5	\$12.7
17-19	\$55.3	\$16.5	\$37.4	\$12.4
19-21	\$88.9	\$25.0	\$36.9	\$12.18
21-23	\$60.0	\$30.0	\$48.0	\$15.84
23-25	\$82.0	\$20.0	\$51.5	\$17.0
Average	\$48.2	\$17.9	\$45.16	\$14.91

Salmon Recovery Funding Board Grant Program

Factors influencing the amount of capital funding RCO requests for the state portion of the Board's grant program include:

- The amount needed to match federal Pacific Coastal Salmon Recovery Fund (PCSRF).
- The number of project applications and their requested funding amounts.

Federal Pacific Coastal Recovery Funds Match

RCO receives annual federal PCSRF awards administered through the National Oceanic and Atmospheric Administration (NOAA). PCSRF provides a significant portion of the funds necessary for salmon recovery in Washington and requires a minimum 33 percent match from the state. State funds appropriated for the board grant program are used for match. In years when the legislature has appropriated less than the full 33 percent, RCO has relied on a portion of the bonds appropriated for the Puget Sound Acquisition and Restoration (PSAR) and Family Forest Fish Passage Program (FFFPP) to meet the PCSRF requirement. However, this is a risk as the Puget Sound Partnership may need to use PSAR as match for federal funding it receives from the Environmental Protection Agency (EPA).

The 2023 PCSRF award was \$25.5 million, and we expect the 2024 award to be \$26 million. This is likely the high-water mark, as the Inflation Reduction Act funding is set to expire at the end of 2025. However, if Washington receives similar amounts in 2025 and 2026, a minimum of \$17 million in state matching funds will be needed. For context, table 1 lists historic funding levels of both state and federal funds since 2005.

RCO requested authorization to spend \$75 million in PCSRF and other federal awards for the 2023-2025 biennium. While the funding comes from the federal government, the legislature is still required to give agencies spending authority. Given the slight increases in federal funding, the Board will be asked to consider federal spending authority at \$80 million for the next biennium.

August update: The 2024 PCSRF award is \$26 million.

Request for Grant Funding

At the September 2019 board meeting, the board directed staff to develop a project list for salmon recovery. The planned project forecast list (PPFL) was developed to provide an overview of projects that lead entities estimate could be completed in a two-year work window. The PPFL, which was created by the lead entities, is used as a basis for

budget requests and a tool to clearly outline the need for salmon recovery funding. The 2024 project list is not complete but will be available at the August board meeting. The current biennium list totals \$453.4 million.

A question was added to the PPFL this year that addresses readiness of projects to proceed. Staff plan to share the total request and the readiness of projects at the August board meeting.

August update: The PPFL list shows a total need for projects at \$714.6 million and 522 projects. The following is the breakdown based on landowner willingness and design:

- 114 projects for a total of \$92.9 million have landowner form signed
- 83 projects for a total of \$136.8 million have landowner form signed and preliminary design or full design completed
- 196 projects for a total of \$251.7 million have verbal agreement from landowner
- 129 projects for a total of \$233.3 million do not have landowner contact

The capital funding categories include:

- \$2.4 million for lead entity capacity
- \$640,000 for Regional Fish Enhancement Group project planning costs
- Projects
- RCO Administration

The board will be asked to set a funding level for the Salmon Recovery Funding Board program in August.

August update: In June, the board discussion centered around being measured but robust for the regular board round as the board, agency, and salmon recovery community have highlighted the program's high value to salmon recovery projects. In a discussion with salmon recovery regions, a similar sentiment was expressed.

Option for board regular grant round, based on the board's June discussion: \$100 million for the regular salmon grant round.

Targeted Investment:

In 2023, the board revised its Targeted Investment (TI) policy and directed staff to build a targeted investment list to be used for a supplemental budget ask and a list of projects for 2025-2027 budget requests. While the full number of projects and value is still being compiled, the funding requests are expected to exceed \$60 million. If the Climate Commitment Act (CCA) is retained, \$23.9 million in projects will be funded through the supplemental allotment. This will leave more than \$35 million to build into

the 2025-2027 biennium budget request, and if the CCA is repealed via voter initiative in November, the amount will be over \$60 million.

Staff will know prior to the August meeting the full request for TI projects. The board will be asked to set a funding request level for TI separate from the regular board grant round.

August update: At the June 2024 board meeting the board requested options for TI that connected the budget request for regular SRFB to TI, similar to Puget Sound Acquisition and Recovery—regular and large cap.

When the board adopted the new TI policy in 2023, a minimum number was set for TI projects. Language from manual 18 reads, “The SRFB [board] may fund Targeted Investments if funding remains after allocating funding of \$18 million from state capital budget appropriations and the Pacific Coastal Salmon Recovery Fund.”

Combined Alternative 1, regular board and TI connected: \$125 million request for the regular board grant round and TI. The first \$40 million is allocated to regular board and any additional funding is allocated to TI.

Combined Alternative 2, regular board program and TI connected: \$125 million for the regular grant round and Targeted Investment combined. The first 60 percent, with a minimum of \$30 million, is allocated to the regular grant round. All additional funds are approved for Targeted Investments.

Option 2, TI only: \$25 million request for TI.

Riparian Grants

In the 2023 legislative session, the legislature directed the board to create a riparian grant program and provided \$25 million for riparian grants. In late 2023, the board completed policy adoption and initiated a grant round. The legislature indicated the program would be ongoing by flagging \$125 million in future projected costs associated with the new program.

The first riparian grants are being assessed and the requested amount should be available by the June meeting. The board will be asked to set a funding level for the riparian grant program in August.

August Update: In the “Riparian Taskforce Final Report,” recommendation four specifically calls out “...ensure that riparian habitat improvement efforts continue...”. At the June board meeting the board discussed an ask similar to the current funding level, which is \$25 million.

Riparian program funding option: \$25 million request for the riparian grant program.

RCO Managed Grant Programs

Five of the eight salmon grant programs administered by RCO are managed jointly with other agencies or organizations:

Grant Program	Partner Organization
Estuary and Salmon Restoration Program	Department of Fish and Wildlife
Brian Abbott Fish Barrier Removal Board	Department of Fish and Wildlife
Puget Sound Acquisition and Restoration	Puget Sound Partnership
Family Forest Fish Passage Program	Department of Natural Resources Department of Fish and Wildlife
Washington Coast Restoration and Resiliency Initiative	Coast Salmon Partnership

The board has exclusive authority over the board grant program and shares authority of the PSAR program with the Puget Sound Partnership.

The board, in addition to being asked to set funding requests for programs under its authority, will also be asked to support the funding requests in these other grant programs.

Motions

Move to approve a bond fund amount of \$_____ for the Salmon Recovery Funding Board funded projects, including funding for the Recreation and Conservation Office administration, Lead Entity capacity, Regional Fish Enhancement Groups project planning costs, and request authority to spend up to \$80 million in federal funds.

Move to approve a bond fund amount of \$_____ for the Targeted Investment grant round.

Combined alternative 1: Move to approve a bond fund amount of \$125 million for the regular grant round and Targeted Investment combined. The first \$40 million received is allocated to the regular grant round while all additional funds are approved for Targeted Investments.

Combined alternative 2: Move to approve a bond fund amount of \$125 million for the regular grant round and Targeted Investment combined. The first 60 percent, with a

minimum of \$30 million, is allocated to the regular grant round. All additional funds are approved for Targeted Investments.

Move to approve a \$25 million for the Riparian grant program.

Move to support the funding requests in the following programs:

- Puget Sound Acquisition and Recovery program
- Brian Abbott Fish Barrier Removal Board program
- Estuary and Salmon Restoration Program
- Washington Coast Restoration and Resiliency Initiative
- Family Forest Fish Passage Program