

CHEHALIS BASIN PARTNERSHIP
Chehalis Tribe “Lucky Eagle” Casino
Rochester, Washington
June 22, 2007
9:30 a.m. – 12:30 p.m.

Meeting Summary

MEMBERS & ALTERNATES PRESENT

Bonnie Canaday, Chair, Mayor Pro-Tem, City of Centralia	Ron Mael, Lewis County Farm Bureau
Terry Willis, Citizen, Grays Harbor	Art Lehman, Port of Centralia
Steve Craig, Department of Ecology (DOE)	Chanele Holbrook-Shaw, Citizen, Thurston County
Ann Wick, WA Department of Agriculture	Kahle Jennings, City of Centralia (Alternate)
Lee Napier, Grays Harbor County	Terry Harris, City of Chehalis
Mark Swartout, Thurston County (Alternate)	Mark White, Confederated Tribes of the Chehalis Reservation
Bob Macleod, Thurston County	
Bob Fink, Mason County	
Steve Kalinowski, WA Dept of Fish and Wildlife	

OTHERS PRESENT

Randy Lehr, Grays Harbor College	Valerie Gow, Recording Secretary, Puget Sound Meeting Services
Narandran Kodandapani, Grays Harbor College	Jim Hill, Citizen
Kathy Jacobson, Chehalis Basin Education Consortium	Kathy Jacobson, Chehalis Basin Education Consortium
Bill Jarocki, Boise State University	Patrick Wiltzius, City of Chehalis
John Penberth, Citizen	Dave Vasilauskas, City of Chehalis
Glen Connelly, Confederated Tribes of the Chehalis	Bruce Jones, Grays Harbor Citizen
Guy McMinds, Quinault Indian Nation	

GENERAL PARTNERSHIP BUSINESS

Welcome, Introductions and Roundtable Comments

Chair Canaday called the meeting to order at 9:37 a.m. Everyone present provided self-introductions.

Discuss and Adopt Draft Meeting Summary for May 18, 2007

The Partnership approved the minutes of the May 18, 2007 as presented.

SPECIAL PROJECTS AND PRESENTATIONS

Follow Up Discussion Regarding the May 22nd Workshop

Lee Napier distributed materials for the discussion on the May 22, 2007 workshop. The workshop was the second workshop on amendments to the Detailed Implementation Plan (DIP) to include a component related to instream flow pertaining to the Quinault Indian Nation’s (QIN) concerns documented in a letter to the Partnership. The workshop examined the issues of the QIN and worked on a way to incorporate the comments within the DIP. A deadline was previously established for April, which was not achieved because of discussions and work required to accomplish the work.

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Proposed Interim Milestone 3.5: *Recommending instream flow levels* is the outcome of the work. Included within the milestone is a comprehensive list of tasks. The group agreed to suspend efforts pending the Partnership's discussion on its future organizational structure as the outcome will determine future work on the milestone.

The next Steering Technical Committee (STC) meeting is on June 29, 2007 at the Department of Ecology.

Facilitated Discussion Regarding Organizational Structure for the CBP and Plan Implementation

Ms. Napier introduced Bill Jarocki, Director of the Environmental Finance Center at Boise State University. Mr. Jarocki was invited to facilitate a discussion among the Partnership on the future organizational structure and needs. The DIP process has revealed the need for the Partnership to reexamine its organizational structure. The Partnership is comprised primarily of volunteers who have donated much time to the effort.

Commissioner Macleod arrived at the meeting.

Mark Swartout reported the discussion will help the Partnership consider whether the current organizational structure is adequate to handle the responsibilities and workload created through the DIP. During the last two STC meetings, members developed a list of work requirements that will also be shared with the Partnership.

Mr. Jarocki said the mission of the Environmental Finance Center at Boise University is to provide assistance at the local level on compliance with environmental issues. Over the years, funding has been divided on work for watershed protection and restoration and utilities. Watershed planning versus utilities is difficult as there is no direct revenue stream to fund the efforts of restoration and protection. Typically, watershed organizations represent themselves as the best organization to receive funding from other sources. The goal is to demonstrate that the funds make a difference and meet all goals. Watershed groups with administrative capacity are more effective than organizations that do not have that capacity.

Mr. Jarocki said tools can be developed to make watershed plan implementation easier. For example, the Plan 2 Fund is a model that takes the comprehensive plan process and converts the information into a database. The model helps define tasks and then budgets the tasks. Plan 2 Fund can summaries budgets.. The STC assisted in developing the Plan to Fund Objective Prioritization Tool. Mr. Jarocki said three tools have been developed to assist watershed groups. Often, the issue surrounding the success of watershed groups is pursuance of the implementation plan. The tools provide that capability and the ability to be accountable to the funding sources as well as tracking progress.

Mr. Jarocki outlined the basic components of a watershed planning process that begins with the development of a mission statement followed by development and consensus of goals. Implementation of the goals occurs in the form of objectives that lead to tasks. Typically, as the group progresses to implementation, it tends to run out of energy and many members transition from the committees and work groups. A transition point occurs at implementation. Implementation is much different because it involves a construction process of finding the resources for each task and having the tasks assembled and completed to meet an objective to accomplish goals and achieve the overall mission.

Mr. Jarocki said the Plan 2 Fund Objective Prioritization Tool was designed for the STC to review and prioritize objectives within the plan. The STC was able to attain project consensus on decision rules that are applied to each objective. Decision rules were developed by consensus of the STC. The STC agreed

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how to rank each objective against the decision rules resulting in a scientific output of objective priorities by score. At that point, the STC began building the tasks for each objective.

Mr. Swartout commented that members may perceive the information in much the same manner as the STC did several years ago when it began the process. However, members are also struggling with the concept of how to complete the implementation process. Several meetings ago, the Partnership went through a workshop with a general consensus to move forward in implementation. However, the Partnership is still in the planning phase and continues to struggle with how to obtain the capacity and resources to pursue implementation activities.

Mr. Jarocki said the tool is used nationally and will be a permanent part of the Center's website. He complimented members of the STC for their efforts in developing the tool. The tool can be applied to any particular issue. Typically, these types of tools cost \$10,000. With the Partnership's assistance, the tool is available at no charge. The tool is available at <http://beta/nssg/combsuefc>.

Mr. Jarocki commented that as the Partnership thinks ahead for implementation, it needs to consider the best organizational structure. He suggested looking at an organizational structure that is desired by members. It is reasonable to also assume that the current structure and the subcommittees are processes the Partnership likely wants to retain. Mr. Jarocki suggested retaining the main organization and the subcommittees.

Mr. Jennings commented that there are some weaknesses with the Citizen Advisory Committee and sustainability of the volunteer commitment and participation. Mr. Jarocki acknowledged that each subcommittee has needs that could be met by a common resource.

Mr. Jarocki reported in terms of future implementation activities, the issue is whether the structure of the organization will allow tracking of resources that are able to provide funding to achieve the implementation objectives. He referred to the Directory of Watershed Resources, which is a searchable database containing information on funding sources. For the State of Washington, there are 95 state funding programs included in the database. Tasks and objectives should be examined to ascertain whether there are other elements, such as transportation or housing components, to tie projects to another funding source. Nonprofit organizations have an additional 103 programs that can be tapped for grant funding that local governments cannot apply for. Nonprofit entities have a greater number of funding streams, which the Partnership should consider. The question is whether to create a nonprofit or affiliate closely with a nonprofit so that nonprofit resources can be tapped. Private foundations are a great resource for watershed funding.

The best nonprofit organization with a non-tax status is a 501(c)3 organization. One of the issues related to nonprofit organization is longevity. Watershed restoration and operations are not short-term efforts. A nonprofit provides the option of a permanent entity that can exchange, receive, and expend money. Longevity is the key and most watershed groups have the same issue. Another reason to consider a nonprofit is the ability to access dollars soon. Another issue is liability. On-the-ground projects could also expose the organization to liability issues. A 501(c)3 provides a shield to boardmembers from personal liability from the operation of the watershed.

Bob Fink asked whether anyone has looked at the legality of governmental entities forming or belonging to a nonprofit organization. Mr. Jennings said the national park system within the state has an alliance with nonprofit entities that are the funding arm for the national park system. The Nisqually group also has a nonprofit organization.

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Mr. Swartout pointed out that there are limits in the number of grants available to a nonprofit. He asked whether nonprofits can receive state grants. Mr. Jarocki replied that it depends on the state and the funding source. Mr. Fink said Mason County, for instance, has been the receiver and fiscal agent for grants designed for projects promoted by nonprofits. The county is the funneling agency and responsible for the management of the funds but not the originator seeking the funds.

Mr. Swartout noted the Partnership is a regional organization comprised of several counties and jurisdictions. One of the challenges is why one county would agree to act as the funneling agency. Mr. Jarocki explained the counties would jointly have a contractual and performance agreement with the nonprofit.

Mr. Jarocki said another option is establishing a memorandum of understanding among all the governmental entities to govern individual transactions. The question is whether the Partnership wants to formalize a mechanism. A separate entity also provides continuity.

Mr. Craig mentioned the Nisqually River Foundation received \$500,000, which will significantly fund an implementation project. The foundation was specifically established to fund the implementation projects of the Nisqually River Council.

Mr. Jarocki reviewed income tax benefits for contributors to a 501(c) 3 organization and legal requirements required for a nonprofit. A nonprofit is also not subject to the Open Public Meetings Act.

Another layer of government is a multi-county special district that would likely need approval by the state to establish a tax to support implementation efforts. The goal is to have the financial resources to implement the projects.

John Penberth commented that the Partnership was created by DOE to address issues within the Chehalis Basin. The Partnership was created to run interference between DOE and citizens because DOE can blame the local planning group for enforcement of water issues. Funding for the partnership is by the State Legislature. DOE doesn't want to pursue efforts independently. Many communities do not want DOE in their jurisdiction. No one wants to hear him talk about the program because citizens are outsiders as they are not on someone's payroll to attend meetings. It's DOE's regulatory horsepower to pursue watershed issues. The meetings that created the plan should have been where the Partnership ended. For each meeting held, there is one less elected official in attendance. Initially, all the commissioners and mayors attended to address their respective positions because they could make the decisions. Now, the Partnership is comprised of representatives who convey the information to someone else. The funding is from DOE and the Legislature to fix the issues and that is where it should occur.

Mr. Jarocki acknowledged Mr. Penberth's comments and indicated elected officials have been involved since the beginning. The goal is pursuing implementation efforts.

Mr. Jennings noted the Partnership has been successful in obtaining funding from DOE receiving \$560,000 in a special appropriation during the last session. He asked Lee Napier to share comments by Representative Gary Alexander during the meetings with legislators to seek funding. Ms. Napier said during the meeting with Representative Alexander, he conveyed the Legislature's support for the work of the Partnership and acknowledged the need for funding. He also advised the Partnership of the need to work on efforts to find a way to sustain its funding source other than funding from the Legislature.

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Mr. Jarocki said administrative operations of the Partnership is the most difficult aspect to fund as no funding source wants to set up and continue funding administration support. Often, groups appeal locally for funding because there are fewer requirements attached to the funding source. A nonprofit organization is designed to break out that part of the funding process that no one wants to fund, allowing the group to develop the resources.

Guy McMinds reported the Tribe is against funding the further use of water in the Chehalis Basin. He quoted from a letter sent previously to the Partnership stating, "In order to effectively protect the Nation's treaty fishing rights in the Chehalis Basin, we believe things must happen first. Scientifically, credible flow regimes that support sustainable harvest levels of fish must be identified and established by rules even though the necessary level of flow may not be currently achievable. Given over-allocation of water rights in the basin, it is critical to have a baseline flow regime identified as a goal." Mr. McMinds said it's important and that a multi-headed stream such as the Chehalis requires the identification of flow regimes developed for each major tributary. Secondly, he continued, "Flows must not be further degraded by the additional new withdrawals and diversions as they fall even further below appropriate regulated flow regimes. New uses must be conditioned or mitigated in order to ensure no further degradation of the flows." Mr. McMinds said the letter was authored by an attorney, the Tribe's President, who is concerned about the basin. The Tribe is not concerned about existing uses but is concerned about the growth occurring along I-5 corridor that will use basin water. There should be some protection mechanisms. He asked what better protection mechanism is there than a treaty.

Ms. Holbrook-Shaw asked whether the Tribe's views pertain to how to establish an organization to help protect water. Mr. McMinds said the Tribe is interested in instream flow and preserving communities. As growth patterns are reviewed and the projections of growth along the I-5 corridor occur, a "massive sucking mechanism" will happen. Planners are the key to the future for protecting the uses. Financing should be oriented towards developing instruments that protect the water as well. He referred to flooding occurring in the basin and the possibility of working with the US Army Corps of Engineers to develop ways to store flood water for use during low flows. The Tribe is interested in those types of projects.

Terry Harris pointed out the meeting is to concentrate on finding funding sources on a continual basis rather than a discussion on water needs. Ms. Willis added the issues have been discussed as well at recent Water Quality and Steering Technical Committee meetings.

Commissioner Macleod responded to Mr. McMinds concerns and shared that Thurston County government shares the Tribe's priorities in terms of sustainability regardless of the details.

Mr. Jarocki said the issue addressed by Mr. McMinds is important as it points to the need to establish decision rules. There is no reason why the STC can't open up the model and add a new rule. One of the key decision rules in the plan is that if an objective in the plan meets habitat, instream, and restoration goals, it has a higher priority. There is no reason not to rework the rules to see how they change the priorities. The process is designed to be an adaptive process to achieve results. Impacts to the watershed will cause aggressive revisiting of priorities for implementation. The problem that is being addressed for the system is who will make the rules, who adheres to the rules, and who creates the continuity for the organization. Some organizations define how decisions will be rendered. Some groups designate a consensus process. The purpose of formally incorporating is to attract resources. The more organized, the more likely the organization can secure funding.

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Discussion followed about bylaws, governing procedures, attracting funding sources, and reducing liability. Mr. Jarocki outlined functions a nonprofit organization can provide.

Mr. Penberth commented on the lack of funding sources and suggested the group is at a dying stage. He questioned how long the group will struggle to seek funding to fix the river and suggested the group needs a reality check.

Mr. Jarocki commented on what options the Partnership can explore to continue sustainability of the watershed group. The Partnership is trying to represent organizationally the best entity to do the job at this point in time with the resources that are available.

Mr. Swartout clarified that Grays Harbor has not indicated that it is not willing to continue as the lead agency. That's not the issue, the issue is building more capacity to complete the work. Two models are on the table. One is having Grays Harbor adding capacity to provide support for the Partnership, which could occur if the county is willing. The second is the option of a nonprofit. The issue is the difference between the two.

Mr. Jarocki noted another possible organization is a 501(c)4, which is a lobbying organization.

Mr. Jennings complimented the support provided by Grays Harbor and the flexibility allowed to Ms. Napier to support the Partnership. Another alternative is hiring an administrator that reports to the Partnership.

Mr. Jarocki summarized the benefits of a nonprofit organization and addressed specific questions about the process of establishing a nonprofit, operating procedures, authorities, committee and board of director structures, structure for protection from liability, limiting role of the nonprofit, and board versus partnership.

Jim Hill recommended forming a committee to review several alternatives for review by the Partnership at a future meeting.

Steve Kalinowski referred to the two alternatives of a nonprofit and continuing with the memorandum of understanding agreement and asked about other available alternatives for an organizational structure that opens up additional funding sources and reduces liability. Mr. Jarocki said options are limited and referred to a document listing alternative organizations. Other examples are generally related to the characteristics of the specific group. There are many organizational structures comprised of multiple states. Mr. Jarocki cited the example of the Chesapeake Bay Foundation and described the organization and how it was formed. Glen Connelly noted one option discussed at a committee meeting was a special tax district that has taxing authority. Mr. Jarocki described the function and authority of a special tax district. Mr. Lehr inquired whether a 501(c)3 either precludes or complicates the process of a special tax district. Mr. Jarocki said it is likely they could be parallel organizations. However, nonprofit foundations do not like to fund government, which is why nonprofits attract foundation money. A nonprofit could be a special foundation that is tied to the taxing authority to attract other funds. The 501(c)3 could supplement the taxing district.

Mr. Swartout commented on the sensitivity of discussing the formation of a special tax district. However, the reason for addressing the option is whether the 501(c)3 can be a steady source of base funding to leverage more funds. If sufficient revenue stream occurs each year, there is less concerns about

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fluctuation of revenue from year to year as well as attracting top quality executives to manage the organization. He cited the example of conservation districts that receive minimal funding from the state but also receives grant funds from other sources.

Mr. Jarocki said the 501(c)3 uses the donation process to create the base to sustain administrative staff over the long-term. Another function is to attract resources with specific objectives to accomplish. Once the base is established, the goal is to attract sufficient resources to sustain minimum levels of administrative staff and to use its power to supplement the other resources acquired by counties and cities through the grant process.

Discussion followed on the purpose of and relationship between the Nisqually River Foundation and the Nisqually River Council.

Mr. Penberth commented on the special tax district the citizens of Chehalis approved to build a dike and the likelihood that citizens would not support a special tax district for the Chehalis Basin.

Steve Craig, Mark Swartout, Terry Willis, Mark White, Terry Harris, Jim Hill, and Chanele Holbrook-Shaw volunteered to serve on the committee to explore organizational alternatives.

The meeting was recessed for a break from 11:37 a.m. to 11:43 a.m.

Chair Canaday commented on the presence of a film crew. Mr. Jennings reported DOE is preparing a video on Washington Water Law and wanted to film a planning unit during a meeting as well obtaining feedback on the watershed planning process.

Brief Update on Salmon Recovery Program – Progress Regarding Formation of a Coast Regional Organization; Designate a LEAG Representative and Alternate

Ms. Napier distributed information on the Coastal Regional Governance Unit. The Washington Coast Sustainable Partnership recently took to accept and submit a report for forming a regional planning organization for salmon recovery. She referred to the Planning Group's motion to submit the "Final Report on the Consideration of Forming a Coastal Regional Governance Unit" to the Salmon Recovery Funding Board. The findings contained in the report support the formation for further exploration to form a regional group. To become a regional organization, the Governor's Salmon Recovery Office needs letters from each Lead Entity to support the formation of the regional group.

Mr. Swartout asked whether the region has a salmon recovery plan. Ms. Napier said at this time, the region does not have a recovery plan. The allocation of SRFB funding for the region will be decided through an intra-regional funding allocation that considers the number of stream miles and number of stocks. The group is working on a formula for allocation between the four Lead Entities. Each Lead Entity will continue to maintain a strong Lead Entity presence to work together on a regional level. Each Lead Entity will have their own project process to solicit and rank projects. Lead Entities will bring forward the top projects for funding consideration.

Ms. Napier referred to a copy of an e-mail from Lauri Vigue regarding the Lead Entity Advisory Group (LEAG) consisting of nine members selected from 27 Lead Entities throughout the state. LEAG recently changed its organizational structure to require each Lead Entity to have a designated representative and an alternate. Ms. Napier asked for volunteers to serve as representative on LEAG. No one volunteered to serve, so Ms. Napier offered to serve as LEAG representative. Members agreed to designate Ms. Napier

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as the representative. Mark White offered to speak to a Tribe representative on the possibility of serving as the alternate.

Update on Chehalis Basin Watershed Festival

Kathy Jacobson reported the festival committee recently met. A flyer was sent to librarians, principals, science teachers, and Chehalis Basin teacher several weeks ago advising them of the availability of a teachers packet with background information on the Chehalis Watershed, its history, people, and wildlife including salmon as well as lesson plans and posters. Some requests have been received. Teachers also requested receiving the information earlier than September 1, 2007 if possible.

The Partnership previously recommended developing a logo for the Chehalis Basin Partnership. An invitation was sent to schools for submission of logo entries. Approximately 100 entries were received with the top entries forwarded to Ms. Napier. STC members selected the top three entries and recommended the logo represent the Watershed Festival instead of the Partnership. Mr. Swartout said STC members also discussed the option of having a contest each year for the festival. Consequently, the Partnership still needs to develop a logo. Ms. Jacobson noted Amy Fisher is the graphic artist who developed some posters for WDFW.

Ms. Jacobson said the committee discussed festival participants and developed a letter of invitation, an application, and a list of potential participants. After the meeting, time was spent on reviewing the materials in the teacher packet. Ron Schillinger has offered to solicit printing donations to print the packets.

Chair Canaday suggested the flyer should prominently feature the festival date of October 13, 2007.

Ms. Holbrook-Shaw thanked committee members for their support in planning the festival.

Mr. Hill presented a video to be used during the festival showcasing the Chehalis River story through images. The video includes approximately 61 images playing three seconds each. The video is approximately four minutes and is set to music. The video is meant to captivate with images and music and not necessarily to inform the viewer. He asked members to share their thoughts pertaining to the images.

Members shared the following feedback:

- ❖ Images of knotweed, trash, excavators – what is the message of the video?
- ❖ Good things and the bad things in the Chehalis and the people.
- ❖ Rural nature of the watershed.
- ❖ Have much to lose by not planning for the future.
- ❖ Fish

Mr. Hill asked members for their response about what's missing in the video:

- ❖ Negative impacts to the river
- ❖ What is the message?
- ❖ No harbor images – no shellfish, no shipping
- ❖ Need early Native American photos
- ❖ Positives – the new wastewater treatment plant

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- ❖ Organize photos showing problems on the river and photos showing solutions
- ❖ Insufficient images of the river
- ❖ Three seconds is too short to view images
- ❖ Sometimes too much information is presented. Consider a 4-minute presentation on the beauty of the watershed with music and then separately show a 4-minute presentation of the impacts and then solicit feedback.

Mr. Hill asked members to provide pictures that can be included in the video and cited several examples of the types of pictures to submit. He asked members to send pictures electronically to him at jimhill@localaccess.com

Other Business

Mr. Lehr referred members to a copy of a basin map produced by the GIS Clearinghouse for distribution to schools and for public outreach. He asked members to offer comments on ways to improve the map.

Mr. White reported he recently attended a WDFW forum on data sharing. He was informed by WDFW representatives that the processes underway by the Partnership in terms of data sharing (GIS Clearinghouse) does not work and is not effective. Many of the things WDFW has been working on for over 20 years are the same things that are working well for the Partnership. It appears the Partnership is 20 years ahead of the department in terms of data sharing and working cooperatively. Mr. Jennings added that it takes an effort to form cooperative working relationships. He cited the Port of Centralia donating a 300-foot wide area of 1.2 miles in length for the Chehalis Tribe to plant trees, which will restore a 300-foot buffer along the river that is classified as a salmon off-channel habitat project, provide the Port with fill for its floodplain, and provide public access for the community trail along the river.

Adjournment

There being no further business, Chair Canaday adjourned the meeting at 12:28 p.m.

Prepared by Valerie Gow, Recording Secretary
Puget Sound Meeting Services