January 18, 2010

MEMORANDUM

TO: Forest Practices Board

FROM: Jim Hotvedt, Adaptive Management Program Administrator

SUBJECT: Adaptive Management Program Budget Update

The Adaptive Management Program (AMP) currently has estimated funds available for FY10 of $3,366,000 and projected costs of $3,124,000. That leaves a projected balance of $242,000 to carry over into FY11.

The projected funds are made up of $780,000 from General Fund-State (GF-S), $1,564,000 from Federal funds FY09 carry over, and $1,022,000 from projected Forest and Fish Support Account (FFSA) funds. FFSA funds are a function of both carry forward and Department of Revenue FY10 projections of B&O taxes on timber and wood products. Changes in projected FY10 funds from previous estimates reported to you result from a $180,400 increase in base DNR-allotted GF-S, a $63,700 increase in Federal grants carry over, and $172,000 from FFSA. Current revenue estimates should be more reliable than earlier estimates provided to the Board since the latter were based on estimates determined as much as three months before the end of FY09.

As stated above, projected AMP FY10 costs are $3,124,000. These costs include $1,516,000 that the Forest Practices Board approved in May 2009 for on-going projects, $168,000 for multi-year projects the Board approved in previous years, and $1,440,000 for other project costs, support, and program administration. We anticipate significant cost savings in FY10. These come primarily from savings associated with the research and monitoring project costs approved by the Board in May 2009 ($78,000), a reduction in project management costs ($95,000), and a three-month vacancy in the AMP Administrator position ($23,000). These projected savings add up to $96,000, and are included in the $242,000 balance stated above.

Regarding expenditures, DNR financial records show $818,000 as having been paid out in expenditures through December 2009. This does not represent, however, what the total expenditures for the first six months of the fiscal year actually were, since many invoices were either not yet received or paid by the end of the year.

The bottom line is the AMP program will have enough money to support FY10 projected costs with an estimated $242,000 in carry over to support FY11 costs.

Funds to support AMP in FY11 are less certain. Without support from the governor and ultimately the legislature, the Adaptive Management Program could be short by as much as $2.4 million. This short-fall includes costs of new and on-going projects that would be presented to

the Board this coming May 2011. Without funding new projects, and funding only on-going projects, the short-fall drops to approximately $1.5 million.

The governor's December 2009 proposed FY11 budget included a supplemental AMP budget of $2.5 million: $1,030,000 from DNR's aquatic lands enhancement account (ALEA), $970,000 from FFSA (including funds from the FFSA working capital reserve account), and $500,000 from new federal grants. The ALEA and FFSA funds could not be used to initiate new studies; new studies would have to be supported through new federal funding, yet to be found.

Assuming the legislature supports the governor's December 2009 FY11 supplemental budget, projected revenues would be $2,842,000 and costs $2,950,000, leaving a short-fall of approximately $110,000 to support current, on-going research and monitoring projects, and other administrative and support costs. This short-fall should be manageable, however, for a number of reasons. Project investigators often under-spend their budgets, and cost items such as the contingency fund for active projects and independent science panel review costs can be more closely managed. Further, it is not clear at the time of this writing whether the $970,000 FFSA funds in the governor's supplemental budget include new FY11 revenues from projected B&O taxes on timber and wood products. This should be clearer when the Board meets on February 10.

Support for new projects in FY11 is less certain. The EPA recently announced a $4.5 million Puget Sound Scientific Studies and Technical Investigations Assistance Program. EPA expects to award seven to twelve cooperative agreements ranging from $200,000 to $700,000 for project periods of two to four years. While CMER does not currently have applicable projects "on the shelf" and ready to be submitted, FFR Policy and CMER are currently evaluating whether projects currently under development could be expedited through the consensus processes, and applications be written and ready for submission by March 2. Given that all this has to happen within a month and a half with volunteer participation by CMER and SAG representatives, this will take effort, coordination, and collaboration.

JH/
Attachment

FY10-11 AMP Budget Review
January 2010

First priority - CWA assurances projects			
Second priority - ongoing or pilot projects			
Third priority - delay projects			
	Budget	**Revenue & Cost Updates**	**Gross Estimate**
	2010	**2010**	**2011**
FY10 Projects Approved by May 2009 FPB Meeting			
Type N Rule Group			
Type N Experimental Buffer Treatment - Basalt Lithologies	811,000	808,157	815,000
Type N Experimental Buffer Treatment - Incompetent Lithologies			**200000**
EWA Type N Effectiveness			
Eastside Type N Characterization - Forest Hydrology			**400000**
Buffer Integrity - Shade Effectiveness	120,000	108,773	64,000
Amphibians in Intermittent Streams			
Type F Rule Group			
Eastside Type F Channel Wood Characterization			200000
Westside Type F Riparian Prescription Monitoring			
Eastside Type F Riparian Prescription Monitoring (BTO Add-on)	32,000	18,624	50,000
Bull Trout Overlay Temperature	202,000	201,053	210,000
Solar Radiation/Effective Shade	88,000	87,320	116,000
Hardwood Conversion	21,650	21,590	15,000
Extensive Riparian Status and Trend Monitoring - Temperature Comp	320,000	270,643	145,000
Unstable Slopes Rule Group			
Testing the Accuracy of Unstable Landform ID			**60000**
Mass Wasting Landscape Scale Effectiveness			**30000**
Roads Rule Group			
Road Sub-Basin Scale Effectiveness			
Wetlands Rule Group			
Wetland Mitigation Effectiveness			**100000**
Subtotal Projects FY10 Approved Projects	**1,594,650**	**1,516,160**	**1,415,000**
Projects Approved pre-FY10 and Carried Forward			
Type N Rule Group			
Eastside Type N Characterization - Hydrology		8,873	0
Type F Rule Group			
DVC Desktop Analysis		7,901	0
Eastern Washington Riparian Assessment Project (EWRAP)		75,122	45,073
Unstable Slopes Rule Group			
Mass Wasting Prescription Scale Monitoring (aka Post-Mortem)		29,500	0
Roads Rule Group			
Road sub-basin scale effectiveness		46,934	0
Subtotal Projects Approved Projects pre FY10	**0**	**168,330**	**45,073**
Other Project Costs			
CMER PI Staff at NWIFC	363,000	362,889	381,000
Total Project Costs	**1,826,973**	**2,047,379**	**1,841,073**

First priority - CWA assurances projects			
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	Budget	**Revenue & Cost Updates**	**Gross Estimate**
	2010	**2010**	**2011**
Project Support			
Contingency Fund for Active Projects	100,000	100,000	100,000
Policy Information & Analysis Support			
CMER Project Managers (2 at DNR, 1 at NWIFC)	311,000	213,599	187,000
Program Administration			
AMP Administrator	105,000	77,722	105,000
Contract Specialist	68,000	67,149	68,000
CMER/Policy Coordinator	45,000	41,388	45,000
CMER Website	10,000	14,681	10,000
AMP Data Management	20,000	18,064	20,000
Independent Science Panel	60,000	60,000	90,000
Coop Fish & Wildlife Research Unit Dues (U of W)	16,000	16,200	16,000
Subtotal Support and Administration	**735,000**	**608,803**	**641,000**
Total Expenditures for Projects/Activities	**2,561,973**	**2,656,182**	**2,482,073**
FF Agreements with State Agencies			
WDFW & DOE	0	468,000	468,000
Sub-total FF Agreements with State Agencies	**0**	**468,000**	**468,000**
Total Expenditures for Projects, Activities, and Agreements	**2,561,973**	**3,124,182**	**2,950,073**
Funds Available			
Federal Carry Forward	**1,500,000**	**1,563,741**	**241,952**
GF-S	**600,000**	**780,387**	**1,630,000**
FFSA (Carry forward + DOR estimated)	**850,000**	**1,022,006**	**970,000**
Total Funds Available	**2,950,000**	**3,366,134**	**2,841,952**
Balance	**388,027**	**241,952**	**-108,121**