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March 6, 2018

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Staff

SUBJECT: Discuss how FY 2018 Cost Savings are identified through mechanistic approach

Presenters: Bryan Mercier, Executive Manager, Fish and Wildlife, Bonneville Power Administration and Tony Grover, Director, Fish and Wildlife Division, NPCC

Summary: Bryan and Tony will discuss potential identified cost savings in the first two quarters of FY 2018. Bryan will also explain how those cost saving are identified within the hundreds of fish and wildlife contracts funded by Bonneville. The Q1/Q2 FY 2018 'mechanistic' sweep through all the contracts identified the following projects:

2003-063-00 Natural Reproductive Success and Demographic Effects of Hatchery-Origin Steelhead in Abernathy Creek, Washington.

This project was previously identified in FY17 and continues its close out.

Table 1, below, summarizes past and current cost savings and estimates the future accrual of cost savings as well as the uses of these cost saving for emerging priority investments.

Relevance: Implements the language in the 2014 Fish and Wildlife Program that *"Bonneville should fund any new fish and wildlife obligations from*

identifying savings within the current program and as necessary, from additional expenditures.”

Background:

The Council's 2014 Fish and Wildlife Program identified seven emerging priority areas (page 116) and advised: “*Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program...*”. As of the end of February 2018 there were 363 fish and wildlife projects in BPA's database, cbfish.org, and 676 contracts.

Beginning in FY 2015, in collaboration with Council staff, BPA conducted a ‘sweep’ through all the fish and wildlife projects to identify any project that meets the criteria of closing out or anticipating a cost reduction greater than \$50,000. In the first sweep through all fish and wildlife projects in FY2015 Bonneville and Council staff used this ‘mechanistic’ approach to find two projects and around \$183,000 in savings. Again in FY2016 Bonneville and Council staff used the mechanistic approach. That effort, presented to the Committee in March 2016, netted four projects and over \$560,000 in savings. In FY2017, Bonneville and Council staff used both the mechanistic approach and a focused review to identify an additional three projects and the savings grew to roughly \$1.1 million. Most of the projects identified for savings are in the process of a smart closeout, meaning that their funds will ramp down by approximately one-third each year for three years. Due to this process, the savings increases each year until the projects completely close out.

More Info:

When sweeping through the numerous projects in cbfish.org, Bonneville staff pay particular attention to the following five fields of information: Maximum budget, Working budget, Contracted amount, invoiced amount and Expenditures. When projects are identified as closing out within the Fiscal Year or reducing expenditures by \$50,000 or more that project or contract is flagged for closer attention. It is usually necessary to have a conversation with the project sponsor to ensure the information available to Bonneville is accurate and up to date. If the reductions are confirmed, then they are included in the following spreadsheet:

		Cost Savings Budget Tracking			updated 1/8/2018	
Credit		FY2016	FY2017	FY2018	FY2019	FY2020
2007-404-00	Captive Brood		\$355,007	\$355,007	\$355,007	\$355,007
2007-404-00	Captive Brood			\$77,773	\$77,773	\$77,773
1982-013-03	CWT-USFWS		\$29,162	\$29,162	\$29,162	\$29,162
2006-006-00	HEP	\$90,502	\$90,502	\$90,502	\$90,502	\$90,502
2010-076-00	Snake River	\$92,244	\$92,244	\$92,244	\$92,244	\$92,244
2010-033-00	RRS-Methow		\$85,000	\$85,000	\$85,000	\$85,000
2003-063-00	RRS-Abernathy			\$196,670	\$393,340	\$590,010
2007-299-00	RRS-Deschutes			\$110,000	\$220,000	\$330,000
2010-034-00	WDFW - LCM			\$75,000	\$75,000	\$75,000
Total savings found		\$182,746	\$651,915	\$1,111,358	\$1,343,028	\$1,649,698
Debit		FY2016	FY2017	FY2018	FY2019	FY2020
2016-003-00	Blocked area		\$100,000			
1994-043-00	N. Pike		\$40,000			
	Sturgeon RFI			\$283,000	\$233,000	
	O&M - Hatcheries		\$115,000	\$238,000		
	O&M - Fish screens			\$236,000		
Total savings utilized		\$182,746	\$255,000	\$757,000	\$233,000	\$0
Unspent savings		\$182,746	\$396,915	\$354,358	\$1,110,028	\$1,649,698