

FY1999 Annual Implementation Work Plan funding recommendation:

DRAFT of fourth version of the issue memo, following the August 25 Fish and Wildlife Committee meeting, and containing staff recommendations

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This is a DRAFT of the fourth version of the Council staff's FY1999 issue memorandum, a periodically updated document that describes and discusses issues identified from the ISRP report and the CBFWA draft workplan that the Council will have to address in making its FY1999 funding recommendations in mid-September. The changes in this version of the memorandum reflect the results of public comment, further staff discussions and, especially, the discussion at the Council's Fish and Wildlife Committee meeting on August 25 in Boise. I will send both a "redlined" version of this draft and a "clean" version. On the redlined version, the changes shown reflect changes from the August 13 version, the third official version of this memorandum.

This version of the memorandum contains staff recommendations for resolving the issues. This memorandum will be the basis for a further discussion with the Fish and Wildlife Committee in Spokane on August 31, at which time the Committee hopes to agree to a set of recommendations to carry to the full Council. (We will use the "clean" version of this draft during the discussion.) We will then update the Council on the issues and the Committee's recommendations during the Council's work session on September 1. Following that meeting I will make whatever changes need to be made to this memo and spread it to the general public, transforming the "staff" recommendations into "Committee" recommendations wherever appropriate. The Council will then deliberate and make its funding recommendations at the Council's September meeting in Montana.

Two new issues have shown up in this version of the memorandum -- one involving the on-going lamprey project and one involving the costs of drawdown mitigation at Libby and Hungry Horse. We will contact the affected interests directly about these issues. A couple of other issues, while not new, have been more clearly distinguished by separate headings.

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ISSUES

1. "Inadequate" project proposals

Perhaps the most striking aspect of the ISRP report is the fact that the Panel found approximately 40% of the project proposals to be "inadequate," including slightly over 20% of the projects recommended by CBFWA for funding. The ISRP did not recommend that these projects not be funded.

"This does not mean that the purpose of the project was not important or that the ISRP is making an official recommendation not to fund. We are simply noting for the record that the proposal was technically not adequate[;] thus the project must be considered not scientifically supportable at this time." ISRP Report, p. 27.

The Panel summarized its specific concerns with project proposals in Appendix A to the report. General comments about the problems with the proposals and suggestions for improvements can be found at pp. 11-13, 23-25. The only "recommendations" that the Panel actually makes in this regard are aimed at improving proposals for next year: "The ISRP recommends that the Council communicate to the basin's project managers the importance of the annual proposals in determining its funding priorities. The Council should make it clear that inadequate proposals submitted in 1999 will not be funded." ISRP Report, p. 24. The ISRP also recommended that "[t]o help make project peer review a routine part" of implementation, "the ISRP recommends revision and distribution of the SRG's guidelines on peer review of proposals and projects. The revisions should address problems in proposal quality identified in the 1997 and 1998 ISRP reviews." ISRP Report, p. 11.

The Council has two types of issues to address. One set of issues concerns whether and how to respond to these comments as part of the FY 1999 funding recommendation. The other is whether and how to respond in the FY2000 review process and beyond.

a. As an issue for the FY1999 funding recommendation

The first issue for the Council is whether and how to react to the ISRP comments in making funding recommendations for FY1999. It is unlikely that the Council can or should review the technical/scientific merits of these projects and make funding recommendations on a project-by-project basis. There are two obvious bookends -- ignore the comments altogether for FY1999 and concentrate on next year, or recommend no funding in FY1999 for any project with an inadequate proposal. Middle-ground possibilities include making a distinction between new projects and on-going projects and/or recommending that Bonneville and the managers address problems identified by the ISRP in the process of contracting.

The Committee and staff have focused on the possibilities of this latter approach for FY1999 -- the Council might make a global recommendation that the project sponsors and Bonneville use the statements of work for the FY1999 contracts as the place to begin addressing technical comments and deficiencies raised by the ISRP in Appendix A. (Note that Appendix A includes critical comments and suggestions for improvement even for project proposals not labeled as inadequate. This approach would not distinguish between projects labeled "adequate" and "inadequate proposal" -- the Council would be asking Bonneville and the project sponsors to try to address any technical comments made in the appendix.) The technical work groups that CBFWA used to evaluate watershed and other projects also raised technical concerns about projects that should be reviewed and addressed as part of this effort. The idea is not that the FY1999 statements of work would have to come back before the Council for review and approval before funding can commence. At most, the Council would oversee this activity by requesting that Bonneville and the project sponsors keep the Council aware of the efforts to respond to the ISRP and technical groups' technical comments and improve the quality of the projects and their descriptions. Note that if the Council were to choose this approach, one concern has been that some of the critical

comments in Appendix A are not the kind of technical criticisms that can be addressed by improving aspects of the project or its description, but instead are programmatic in nature and go to the heart of the underlying concepts (for example, the conclusory criticisms of the underlying basis of the resident fish substitution projects). These kind of comments need to be addressed, if at all, in considerations of the program framework and amendments, not in the annual funding context.

Both Bonneville and CBFWA commented that having the Bonneville staff work with contractors to address these comments is probably a reasonable approach. Bonneville added that it "will need clear programmatic guidelines from the Council" and concerns about possible "staffing implications."

Staff recommendation. With these concerns in mind, staff has discussed with the Fish and Wildlife Committee a procedure that the Council might recommend to handle this task. The elements of this approach:

? As a first step, someone would comb through the ISRP and the technical work groups comments and extract and compile those that are technical in nature and susceptible to being addressed in implementation, as compared to those comments that raise general policy issues. This should not be a lengthy task. The person doing the work could be a Council staff person or a contractor knowledgeable about the program -- staff has contacted Robert Walker about doing this work. After review by the Fish and Wildlife Committee, the document listing the projects and the relevant comments would then go from the Council to Bonneville, the project sponsors and CBFWA. The intent is to have this work completed in the next few weeks, to develop the extracted list of comments before the Council's funding recommendation if possible, and to have those comments accompany the Council's funding recommendation decision.

? As part of the contracting, Bonneville and the project sponsors would address these comments. This might mean simply obtaining or developing missing information and improving the description of the project. Or, it might mean modifying the project tasks as needed to respond to technical criticisms (for example, improving the monitoring and evaluation element). For watershed habitat projects, it would also mean addressing the watershed assessment questions raised by the ISRP, discussed below as part of issue no. 4a. For projects that consist only of staff support or technical FTEs, this would be the time to begin tying those activities and costs to functional projects, as discussed below in issue no. 10d. And this would also be the time for a review of operation and maintenance costs and overhead costs, as discussed below in issue no. 10c.

? For each project, Bonneville personnel would write an adequate if brief description of how Bonneville and the project sponsors responded to the technical comments and addressed any of the other issues noted above. Bonneville would collect these responses into a periodic report to the Council and CBFWA. We expect that on occasion broader management issues will emerge during a good faith effort to address what seemed to be technical comments. This should not be a

reason to hold up funding in FY1999. Instead, the issues should be flagged for further discussion.

? The Council would not be called upon to review or approve these reports or the modified projects or descriptions. But one Council staff person or contractor could be assigned to review the reports for the purpose of reviewing the progress of the effort, and would periodically brief the Council. This person might also be someone to contact if conflict arose between a project sponsor and Bonneville about the effort to address these comments. He or she could raise these implementation issues to the Council if need be.

? (The Fish and Wildlife Committee and staff have been discussing the possibility of asking an auditing firm, such as Moss-Adams, to review in more depth a representative number of contracts, to see how successfully Bonneville and the project sponsors were able to respond to these comments and improve project descriptions and projects. The auditors could also be asked to review various budget and contract management issues as a follow-on to the Moss-Adams report on contract management from last year. We have not yet worked out a proposal for whether, when and how to add in an audit procedure. So, the staff recommendation at this point is to proceed with the other elements while the Committee and staff further explore the audit concept.)

? During the FY2000 project review, CBFWA, any technical workgroups, the ISRP, Bonneville and the Council would all be reviewing projects in part to see how successfully the project descriptions responded to this year's technical comments.

b. FY2000 and beyond

The second issue for the Council is whether and how to address this problem for the FY2000 process. The ISRP recommends distributing guidelines on project proposals and, especially, sending a signal about the importance of the proposal by making a commitment to recommend against funding in FY2000 for inadequate proposals. For something this potentially serious, it would seem appropriate to take steps beyond just the distribution of guidelines to address the concerns. This might include organizing workshops or other forms of interaction between ISRP members and the managers and other project sponsors to make clear what information is needed to make an adequate proposal for the Panel's scientific review and whether the current form is adequate for conveying that information. The project proposal form may need some revision (and in fact revisions are under consideration), especially if there is a big push (discussed below) to aggregate projects into their larger programs and review as programs for multi-year funding recommendations -- the current proposal form is not well adapted for describing aggregate programs and their constituent parts. The ISRP noted in its report that it is considering revising its review criteria to take into account the differences among the types of projects, an effort that might further help reduce the disconnect between the project proposals and the Panel's review and which might also benefit from an interaction with the managers. Council, CBFWA and Bonneville staff have created a workgroup to consult with the ISRP on any necessary revisions to criteria. Finally, project sponsors have commented that it would help if the ISRP stated more

clearly what criteria they use to decide that a project proposal is inadequate -- people reviewing the Panel's report have noted project proposals that received similar narrative criticisms in Appendix A and yet different categorizations of adequacy.

At bottom, however, the Council has to decide if it wants to follow the ISRP's recommendation and send a signal now that "inadequate proposals submitted in 1999 will not be funded." An approach this strict would require a far better definition than we have now of what "inadequacy" means. An alternative for FY2000 might be a continuation (if it seems to be working) of the approach outlined above for dealing in FY1999 with "inadequate proposals" and technical criticisms, perhaps with a ratcheting up of the requirements for addressing these concerns before funding can go forward.

Staff recommendation. The staff recommendation is that the Council not state at this time that it will automatically recommend no funding for a project proposal labeled inadequate by the ISRP in its FY2000 report. That may or may not be what the Council ends up doing next year, but there is work that needs to occur first. Staff recommends instead that the Council direct the staff to work with CBFWA, the managers, project sponsors, the ISRP and Bonneville, through the use of integrated workgroups, workshops and the like, to improve the mutual understanding of what information is needed to make an adequate proposal for the ISRP's scientific review; whether the current form is adequate for conveying that information, and if not, how the form needs to change; and what constitutes an "inadequate" proposal. Staff also recommends that the Council indicate that if the approach to addressing technical concerns at contracting described above seems to work, the Council will be inclined to continue its use for another year, with the possibility of more strict requirements for addressing any concerns raised, such as requiring that "inadequate proposals" demonstrate how they have addressed such concerns in the contract statements of work before the Council agrees to a recommendation for funding.

2. Changes in priority -- nine projects recommended for funding by the ISRP that were not recommended for funding by CBFWA

The ISRP recommends that nine projects totaling \$2.6 million be funded in FY1999 despite being labeled a low priority for funding in CBFWA's work plan. One of the nine projects is considered by Bonneville to be non-discretionary (UW modeling support), but was cut by CBFWA. The remainders are either new research projects or watershed projects. The reasons given by the ISRP for supporting these projects include supporting the work of watershed assessments, a priority already identified by the ISRP, and innovative approaches to address mainstem or tributary problems. (Note: The ISRP in a separate recommendation promoted funding for "innovative work" -- see below -- but this is not the sole nor even the main basis for the nine project funding recommendations discussed here.)

The immediate issue is how to approach this recommendation. Program consistency is an issue, but it seems plausible to link most or all of these projects to Program measures. That is not the same as deciding that these projects represent priority actions or unmet needs under the Program.

The Council may not have the staff or resources to effectively engage in a project-by-project review of the technical/scientific merits of these proposals, except in the most superficial way (e.g., the ISRP recommended funding for Project No. 9047, yet the Appendix A comments are quite critical of the project, which will make it difficult to recommend this new activity). CBFWA, in its comments on the ISRP report, summarized and further explained why the managers do not recommend altering the funding priority for these nine projects.

The question for the Council has been whether there is a consistent and principled way to approach the funding recommendations in a collective way: ? Defer to the ISRP views and recommend funding? Defer to the managers for a recommendation? ? Ask the managers to reserve room in the FY2000 budget to fund some or all of these projects? ? Agree with the ISRP priority on watershed assessments and thus recommend funding for those projects on the list that involve watershed assessments? Or, vice versa, recommend funding for the research projects on the list while working out a more coordinated approach to watershed assessments (see issue no. 5 below)?

Perhaps a more sophisticated approach, and one more consistent with the Council's overall approach to Program implementation, would be to examine whether these project-specific recommendations actually indicate a "gap" in the implementation of the Program, a gap that the Council decides is a priority to address (for example, that more of the implementation effort needs to go to watershed analyses to support watershed restoration expenditures). If so, rather than simply recommend funding for these projects, which might not represent the best possible projects if the Council were to seek to fill the identified gap, the Council could recommend that a certain amount of money be reserved (in FY1999 or in FY2000) for this type of work and then focus a project solicitation and CBFWA review to select the best proposals for work to fill the Program gap that has been identified as a priority.

A separate issue has to do with budget allocation. To the extent the budget is fully allocated, then to recommend funding for any or all of these nine projects would mean reducing or eliminating other projects. How should the Council and CBFWA approach the budget issue?

The primary concern of the staff and Fish and Wildlife Committee members has been that the ISRP provided very little explanation as to why it favored these specific projects. To some extent it appears that what especially caught the attention of the of the Panel was simply the high quality of the project descriptions in a sea of project descriptions that the Panel considered inadequate. But whatever the specific reasons given by the Panel for favoring each of these nine projects, the ISRP's report gave no guidance whatsoever as to whether and why the Council should consider these nine projects as of higher priority than other projects recommended for funding, which would be the result as other projects would have to be cut to make room in the budget. For this reason, the Committee members asked the staff to consult with the ISRP to clarify the Panel's intent -- could the Panel identify the priority scientific contribution of these projects? Bonneville representatives also urged the Council to seek further information from the ISRP. Preliminary

discussions with ISRP members indicated that Panel members were reluctant to try to interpret individually what was the group's intent; what it might take is a formal written request from the Council seeking further guidance or supplemental reviews from the Panel.

Staff recommendation. The staff does not recommend that the Council recommend these nine projects for funding. (Note: One of the nine -- Project No. 9105100, Monitoring and Evaluation Statistical Support for Life Cycle Studies -- is one of the projects classified as non-discretionary by Bonneville. Thus the question of its funding is different than the other eight. It is discussed below in the context of non-discretionary project, issue no. 7.)

Figuring out how to handle this type of recommendation from the ISRP has been a learning experience for the staff and Committee. Staff recommends instead that the Council provide guidance to the ISRP for future reports: The staff expects the ISRP to identify what they consider, from a scientific perspective, to be priority work. But if the Panel is going to recommend funding for specific projects, the Panel will need to provide guidance to the Council beyond stating the merits of the specific projects. Given the budget realities, the ISRP is also going to have to explain how the projects address key needs for Program implementation and why the Panel believes the projects it is recommending for elevation to funding should be of a higher priority than projects that would be displaced, on the basis of a more sound scientific approach to implementing the Council's Fish and Wildlife Program.

On the other hand, staff recommends that the Council also provide guidance to the fish and wildlife managers and CBFWA: In the process of putting together the draft workplan for FY2000 next year, CBFWA should give careful consideration to recommending funding for these nine projects and to the Program areas that these projects represent. If CBFWA decides not to recommend funding for these projects, it will need to provide a persuasive explanation why not.

We also need to work with the ISRP and others to develop a policy or protocol for seeking additional guidance from the ISRP after the ISRP's report but before the Council's funding recommendation.

3. Funding for development of program framework

The Council, NMFS and others are working to develop a comprehensive scientific framework for the Council's Program and other fish and wildlife programs and decisions in the basin. In early August the Council recommend that Bonneville allocate \$849,000 in available FY98 funds to the first phase of the framework development process, which should provide funds for the work into at least the first few months of FY1999. The current estimate is that the framework could require an additional approximately \$1.5 million to carry the work through the rest of FY1999. Council staff are working with other regional entities to refine these estimates further.

It is not clear whether all or most or none of that money must come out of the direct program budget. Given that this is a framework intended to guide decisions across the spectrum of the

Bonneville fish and wildlife funding commitments, there are good arguments as to why at least a significant amount of the funding could or should come from other parts of the budget. Bonneville representatives continues to insist that the funds for the framework should come from the direct program. CBFWA took the opposite view in its comments. Discussions on this topic continue with Bonneville and others under the budget Memorandum of Agreement. However, if the direct program must be the source, this is another priority and reallocation issue for the Council, the managers and Bonneville -- funding the framework could very likely mean deferring other projects in the FY1999 workplan.

Staff recommendation. The program framework is priority work for the Council and the region, so the staff recommends to the Council that it recommend to Bonneville to provide the necessary funding to complete the framework development process. If that means the necessary funds have to come out of the direct program budget, we will have to work with Bonneville and CBFWA to make space in the budget. But the staff also believes quite strongly that funding from outside the direct program is appropriate. Thus we recommend that the Council direct staff to continue working with Bonneville, the managers and others to persuade Bonneville to fund at least a significant portion of the remaining budget needs for the framework from another account, such as by reallocating unspent amounts from the capital expense portion of the budget under the Bonneville fish and wildlife budget Memorandum of Agreement. An MOA workgroup meeting to discuss this issue is scheduled for September 2.

4. Artificial production issues

a. Deferring conclusions on artificial production projects pending the completion of the artificial production review

The ISRP reviewed the production project proposals, found a number of artificial production projects to be inadequate, provided useful project-specific comments in Appendix A, and drew some distinctions between programs from the quality of their proposals. However, the Panel deferred making any recommendations on artificial production projects until after the completion of the comprehensive review of artificial production. Note that the Panel did not recommend that the Council or Bonneville defer funding; the Panel's use of the term "defer" applied to the Panel's review: "Defer. The use of this outcome was restricted to the hatchery programs. Our conclusions regarding the funding of specific hatchery programs are deferred until after the comprehensive review of artificial propagation has been completed." ISRP Report, p. 27; see also p. 91.

Last year, in response to ISRP recommendations and other factors, the Council recommended the initiation of the artificial production review and the application of an interim review process for new production proposals pending the completion of that review. The Council chose the interim review approach in lieu of a complete moratorium on funding new production initiatives pending the completion of the artificial production review. The issue is whether the Council wishes to maintain that approach for FY1999. CBFWA, Bonneville and others all commented that the Council ought to stay the course. (The current approach has also assumed that no additional

funding from the FY1999 budget is necessary for the artificial production review, which was allocated \$700,000 in FY98. There may be a need for additional funding for the review, but this is not yet clear. Staff will bring this issue to the Council and others if and when it ripens.)

A number of project sponsors have inquired as to whether the ISRP's deferral of conclusions about production projects until the completion of the artificial production review indicates that the Council and/or the ISRP expects the artificial production review to develop project-specific implementation and funding recommendations -- in essence, to replace or supplant the ISRP's statutory responsibility with regard to review and recommendations for these projects. That is not how staff understands what is expected of the artificial production review.

Instead, the review may develop scientific and policy recommendations about the appropriate use or uses of artificial production in the basin, recommendations that if implemented might require changes in current production activities. It is unlikely the artificial production review will make specific operational or funding recommendations about individual projects. More important, whatever recommendations do come out of the artificial production review will not be self implementing. That is, these recommendations will go to the existing planning and implementation and funding processes (whether in Congress, in the agencies, or at the Council) for possible implementation under existing laws and procedures. The relevant issue will be whether any recommendations that come out of the artificial production review will provide useful guidance to the ISRP or Council (or CBFWA) in reviewing production projects and making recommendations about funding.

If the Council stays with the same approach, staff has been continuing its on-going work with project sponsors and Bonneville to ensure that the planned production activities and budgets for FY1999 are consistent with the interim, multi-step review process. For just one example, for FY1999 the lower Columbia production/fisheries project (Evaluate Columbia River Select Area Fisheries -- Lower Columbia River; Project #9306000) proposes to increase production of coho and spring chinook. Production that was on-going before FY98 escaped the interim review process for new production; this proposal for new additional production will need to go through the interim review process. Staff has already worked with the affected entities to plan that review.

In some cases, projects still in the review stage are budgeted for construction and even operation and maintenance and monitoring. This has been done to maintain budget capacity to initiate projects without mid-year budget revisions. This practice has been questioned in last year's review process and in the Committee/staff discussions. Where appropriate, the Council could request a more specific accounting of funding needs relevant only to the appropriate project approval stage (for example, a specific budget for planning and design up to the final construction approval milestone).

Staff recommendation. The staff recommends that the Council stay with the interim review of new production approach developed last year. Staff will continue to work with Bonneville and the project sponsors to define where projects are in that process and to address scientific and

financial issues.

As with all other projects, project sponsors and Bonneville should address technical comments raised in Appendix A to the ISRP's report or in CBFWA's technical workgroup review during the contracting process, as described in issue no. 1 above. This will also be the time to review whether projects are budgeted for activities and amounts that are well beyond their current review stage and, if so, determine what is the more realistic budget needs for the project in FY1999.

b. Resident fish substitution with non-native species

In last year's report, the ISRP recommended that "substitution projects, particularly those using non-native species, be viewed cautiously because their implementation may pose significant threats to native resident fish species. Therefore, individual substitution projects should be reviewed by the artificial production review panel prior to authorization." The Council responded that "[s]ubstitution projects that propose to introduce non-native species (or use artificial means to produce native fish) will be reviewed by the Council, with the assistance of the artificial production peer review group, before the Council makes a final funding recommendation for implementation and operation. Existing substitution projects that produce non-native species (and that use artificial means to produce native fish) will be reviewed in the comprehensive review of artificial production."

In the project comments in the Appendix A attachment to this year's report, the Panel again raises categorical concerns with the use of non-native stocks as part of the resident fish substitution mitigation initiatives funded under the Program. These comments have raised a great deal of concern among the managers and project sponsors working on these initiatives in the blocked areas.

While we take the ISRP's comments seriously, staff's view has been that these comments have no relevance to the Council FY1999 decision, for a number of reasons. First, the ISRP did not make these comments the basis of any specific recommendation to the Council.

Second, as discussed above, the ISRP did not recommend any new approach to production issues in this year's funding review, deciding simply to defer further consideration of production issues until after the completion of the artificial production review. Staff has been assuming the Council is also likely simply to stay the course for FY1999. That is, the Council's recommendations from last year concerning the interim review process and the artificial production review will remain in force -- which would mean that no new and particular focus on funding for resident fish substitution projects will be added in the FY1999 funding recommendation.

Third, most of these Appendix A comments are programmatic and foundational in nature, not comments about technical defects in the project proposals. These types of comments are not amenable to being addressed in the FY1999 contracting process (described in issue no. 1 above as one possible way to address the general issue of technical comments from the ISRP in Appendix A

-- what technical comments there are on the resident fish substitution projects could be addressed in that way).

And fourth, given that these programmatic comments raise concerns about an accepted direction in the existing Program, the appropriate forums for considering concerns of this nature are those that are dealing with programmatic concerns, such as the artificial production review and the framework development process, and ultimately would need to be subject of a program amendment process. A question for the Council is whether the staff is correct in its assumptions about how the Council will address these comments.

Even assuming the concerns raised by the Panel about projects that involve non-native species are not relevant to the FY1999 funding decision, the Council should give this topic more consideration. The Panel's review of these projects this year is not particularly useful. On the one hand, the ISRP's categorical uneasiness with non-native species resident fish substitution seems to have prevented the Panel from being able to provide the kind of useful technical comments about specific project designs that are possible if the reviewers at least provisionally accept the underlying premises of the work. Yet the Council, after long consideration, did accept into the Program the concept of resident fish mitigation in the blocked areas using non-native as well as native species in altered ecosystems.

Until and unless the Council changes the Program on this point, these initiatives will remain part of the Program as funded. The Council needs the Panel to accept, for the purposes of the annual reviews of projects to implement the existing Program, the contested legitimacy of the use of non-native species as mitigation in these areas, and on that basis provide comments about the quality of project designs and implementation.

On the other hand, the Panel's comments are really no more useful as programmatic criticisms of the underlying concept. The comments this year are bare conclusions that treat as a simple black and white matter a complicated issue -- how to provide for fisheries mitigation and restoration in drastically changed, blocked ecosystems -- that has occupied the time and attention of a number of scientists and analysts and policymakers over more than the last decade. That is not to say that the Panel has to end up agreeing with the ultimate scientific conclusions and management decisions that have been made, only that the Panel, if it is going to provide meaningful scientific analysis and critiques of this effort, needs to engage the issues at the high level of complexity and background considerations that they deserve and the Council needs.

Staff recommendation. This issue has no relevance to the FY1999 funding recommendation. The Council should communicate to the ISRP the comments noted above, for consideration in future years: On one level, the Council needs to have the Panel accept for review purposes the legitimacy of the use of non-native species as mitigation in these areas, and on that basis provide comments about the quality of project designs and implementation. On another level, if the ISRP believes that its understanding of sound science principles requires that it also criticize the use of non-native species for resident fish substitution as a mitigation strategy in these areas, the Panel will

need to engage that issue at a more complex and detailed level.

As with all other projects, project sponsors and Bonneville should address any technical comments raised in Appendix A to the ISRP's report or in CBFWA's technical workgroup review during the contracting process, as described in issue no. 1 above.

c. Captive broodstock activities

The direct program includes a number of captive broodstock and captive rearing activities and evaluations, including an on-going systemwide assessment of captive broodstock technology by the National Marine Fisheries Service that requires more than \$1 million each year. (The Council's policy guidance document for the FY1998 funding recommendation contained a list and summary of all of the captive broodstock projects.) The Council's funding recommendation last year called for a review of the captive broodstock program, primarily to determine whether implementation was moving ahead without a full consideration of the feasibility and appropriate application of the technology. One of the recommendations that came out of that review was that NMFS should propose, based on what it has learned from its on-going assessment, a set of at least interim standards or guidelines for the application of captive broodstock technology, to be presented to the Council and the region for review by August 1, 1998. An April letter from the Chairman of the Council to NMFS indicated that the Council would condition its recommendation for further funding of the systemwide assessment project (Project No. 9305600, requesting \$1.2 million in FY1999) on the development of these standards. August 1 has come and gone, and NMFS has not presented to the Council a propose set of captive broodstock implementation standards. A letter from a NMFS representative indicated that they will have something to the Council and others for review by the end of August. Developing an accepted set of standards or protocols for the use of this technique is critical to the Council's support for new captive broodstock or captive rearing initiatives, which seem to rise up, often unforeseen, with increasing frequency. Staff recommendation. We need to wait to see what NMFS produces at the end of August before we can firm up a staff recommendation concerning funding for NMFS' systemwide assessment project. Staff does recommend that the Council make clear that without the development of an acceptable set of standards for the application of captive broodstock technology, the Council will not recommend funding for any new captive broodstock or rearing initiatives, and may return to the underlying question of the role of Bonneville funding of captive broodstock research and implementation. Staff also recommends that the Council reaffirm another recommendation from last year's funding decision and subsequent program review -- all captive propagation initiatives funded under Council's Fish and Wildlife Program remain subject to the "three-step" interim review process for all new production initiatives.

5. Watershed restoration project concerns for FY1999/setting a deadline for requiring that watershed restoration projects be guided by watershed assessments

Continuing a theme from last year's report, the ISRP objected that too many watershed projects proposals "did not give sufficient evidence of being preceded by a watershed assessment." Without

this information, the Panel is "unable to judge whether the projects were worthwhile, or whether they would result in expensive, high-maintenance projects whose effectiveness was limited." The Panel underscored its remarks by recommending funding for several watershed assessments that CBFWA did not. The Panel did not, however, recommend that any specific watershed projects not be funded for lack of an explicit tie to a watershed assessment. Instead:

"The ISRP recommends that the Council set a deadline of 2 to 3 years after which no habitat projects will be funded unless they are preceded by and consistent with a watershed assessment, and the relationship of the project to that assessment clearly stated. Prior to that deadline, the Council should fund only those proposed projects that address the questions and concerns listed in Section V-C.3 Habitat Restoration." ISRP Report, Section V(C)3.1, p. 94.

The Council again faces two types of issues from this recommendation, one set regarding the funding decision in FY1999, the other with regard to the direction of the watershed program in FY2000 and beyond.

a. Issues relevant to the FY1999 funding recommendation

The first set of issues concerns the habitat project funding recommendations for FY1999. The ISRP recommends that the Council recommend for funding only those "proposed projects" that can address the "questions and concerns" identified by the Panel. This reference to "questions and concerns" is to the Panel's discussion of the information that would be produced by an appropriate description of how a project relates to a watershed assessment:

"Washington State and the two large federal land management agencies (USFS, BLM) both employ formal watershed assessment protocols. We took a broad view of watershed analysis and did not require explicit reference to the use of formal protocols. We merely looked for some indication that the habitat restoration proposals had considered their proposed activities in the context of the drainage system as a whole and had used existing watershed information to develop a technical justification for their efforts. Unfortunately, many projects were deficient in this regard.

"Specifically, many proposals did not contain information on:

1. The distribution of the species of interest within the watershed, in relation to the location of the proposed restoration activity. That is, was the project sited correctly relative to the behavior and distribution of the organism(s) of interest?
2. How the proposal related to other restoration efforts within the watershed. Were restoration activities complementary or would there be potential conflicts?
3. Whether the proposal would promote the restoration of normative ecological processes within the watershed.
4. Whether the proposal had considered the alternatives of passive restoration (e.g., letting the stream or riparian zone restore itself through successional habitat recovery) vs. active restoration (assisting the recovery process through intervention activities such as riparian plantings or instream structure placement).
5. Whether any steps were

being taken within the watershed to correct the source(s) of problem(s). 6. What evidence suggested that the proposed activity would actually correct a significant limiting factor to natural production.

"Without this information, the ISRP was unable to judge whether the projects were worthwhile, or whether they would result in expensive, high-maintenance projects whose effectiveness was limited. We strongly encourage all future habitat restoration proposals to include statements that address the six items listed above." ISRP Report, pp. 92-93.

Does the Council want to hold watershed projects to this or a similar standard before they will recommend FY1999 funding? If so, what will be the mechanism for that review? A request for reformulated proposals for technical or staff review? Leave this to the project sponsors and Bonneville to address at contracting, with Council staff oversight? Should a distinction be made where CBFWA recommends initiating new habitat restoration work?

Staff discussions focused the most attention on the idea of trying to address these concerns for FY1999 in the contracting process, as part of the procedure outlined above with regard to technical criticisms of projects. Bonneville agreed with this approach in its comments; the Oregon Department of Fish and Wildlife recommended that these questions be addressed in the FY2000 project descriptions.

Staff recommendation. The Council should recommend that, as part of the contracting process described in issue no. 1 above, the statements of work for the FY1999 watershed project contracts must include a statement that describes, in a succinct fashion (perhaps a long paragraph or two on each point), what information there is about the project that responds to the six points identified as the important by the ISRP. At the same time, the project sponsors and Bonneville would also work to address any technical criticisms of the projects from the ISRP's Appendix A or the Watershed Technical Work Group. The Council would not require that these statements of work be brought back before the Council for review and approval before contracting, only that the Council be kept advised on progress. This work could help indicate for this year and next where the information base is adequate vs. where attention and funds are needed to provide the type of supporting information that is necessary for watershed projects. It would also help us all understand whether the ISRP has identified the right types of information relevant to watershed projects in the basin.

b. FY2000 and beyond

The second set of issues for the Council concern the future -- does the Council want to make the type of commitment recommended by the ISRP that after a certain date no watershed project will be recommended for funding without a demonstrated link to a watershed assessment? If so, one issue the Council and others need to discuss is what are the standards for watershed assessments and what information should be presented from them. The ISRP's comments quoted above would be a place to begin that discussion. Another question is whether the Council should consider

recommending in FY2000 or beyond that a certain amount of the budget be reserved for watershed assessment work, with focused solicitations or decisions in consultation with CBFWA as to the basins of highest priority for this work.

In the staff discussions, concerns have been raised about whether formal watershed assessment efforts throughout the basin might require such a significant amount of money and human effort at the expense of actual restoration work as not to be worth the gain. Staff is assuming we should take at face value the ISRP's comments about taking a broad view, rather than a highly technical view, of what is appropriate watershed assessment information that can support watershed restoration activities.

The point is to develop enough watershed information so that habitat project descriptions can demonstrate "that the habitat restoration proposals had considered their proposed activities in the context of the drainage system as a whole and had used existing watershed information to develop a technical justification for their efforts." Assessment work of this type should be a manageable burden for the direct program budget and consistent with the approach laid out in the Council's Fish and Wildlife Program. Gathering the watershed assessment information can be balanced appropriately with restoration work and can in fact be developed over a period of time in conjunction with the beginning of restoration activities. These assumptions need to be tested over the coming months as the Council works through this issue.

John Marsh, with the assistance of Mark Fritsch and Robert Walker, is preparing an analysis of the proposed FY1999 package of watershed projects, focusing on three specific areas -- application of program elements and prioritization process principles to the watershed package, watershed coordination, and the concept and use of watershed assessments. The analysis may also come with some recommendations, not with regard to what should be funded in FY1999 and what not, but instead as to what sort of guidance the Council might give for future funding of watershed projects, in later funding cycles or perhaps in program amendments. John expects the analysis to be ready for the Council by the end of August or early September.

Staff recommendations. The Council should follow the ISRP recommendation in the sense of indicating that within a couple of years the Council will not be inclined to recommend funding for watershed projects without a demonstrated link to a watershed assessment. But if so, there is work to complete before that time, especially in three areas -- defining what is meant by a watershed assessment; making clear where we already have adequate watershed assessments; and where we do not have adequate watershed assessments, providing at least a share of the funding needed to develop those assessments.

CBFWA, Bonneville and others all commented on the need to define what constitutes an acceptable "watershed assessment"; CBFWA further commented that it continues to work with Council staff, Bonneville and others to "define regional criteria for watershed assessments." This work can dovetail with the analysis that John Marsh and others are working on, above. Staff recommends that the Council state an expectation that this will be a task to complete before next

year's project review process. The Council should also provide additional guidance to take a broad or functional approach to defining what we are after. The point is not to prescribe a specific form or elements of a watershed assessment, but instead to focus on what type of information is needed to support a project for funding -- as the ISRP stated, so that we can know that "the habitat restoration proposals had considered their proposed activities in the context of the drainage system as a whole and had used existing watershed information to develop a technical justification for their efforts." Drawing from last year's funding recommendation, the Council has understood this to mean a body of information about a watershed that is evaluated in a watershed-wide context to "describe the habitat conditions in the watershed as well as the priority needs and opportunities for habitat restoration for the stocks inventoried in that watershed."

Bonneville, CBFWA and others also commented that, in Bonneville's words, "a number of watersheds already have such assessments by other names or substantial work completed that could be used to create such assessments." CBFWA added that it continues to work with others here as well "to compile a reference list of existing watershed assessments." The Council should request that this work be completed, if at all possible, before the end of next year's project review process.

Once the work is completed to define what we mean by a watershed assessment and determine where we already have existing assessments, the obvious next task will be to support in some fashion whatever work is needed to develop adequate watershed assessments in the basins that are lacking. The Council should request of CBFWA that it strongly consider allocating a portion of the FY2000 and FY2001 budgets to help complete the needed watershed assessment work, possibly with focused solicitations.

6. Recommendations for law enforcement funding

CBFWA included in its draft workplan a placeholder totaling \$1,741,775 reserved for law enforcement activities, tentatively assigned to four tribal law enforcement programs:

Umatilla Tribes (9092) \$246,505 Nez Perce Tribe (9202409) \$425,236 Shoshone-Bannock Tribes (9202408) \$193,980 CRITFC (9202401) \$876,054

The important point to note is that Council does not yet have a law enforcement funding recommendation from CBFWA -- CBFWA has reserved the placeholder and is still working to see if it can produce a consensus funding recommendation on law enforcement. We expect an update from CBFWA in their August 19 comments.

Last year, the Council recommended that Bonneville funding for the existing law enforcement program be discontinued. The ISRP decided not to review the law enforcement proposals because of the Council's decision last year. However, the Council did state that it would "consider proposals to fund specific law enforcement tasks that are tied to the core purposes of the Act, do not present an 'in lieu' issue under the Act, and are associated with activities funded under the

Council's program, such as protecting habitat investments." With an eye toward this guidance, preliminary project analysis by Gustavo Bisbal and others indicates that the CRITFC project is primarily intended for mainstem harvest enforcement, education and deterrence. The Nez Perce and Umatilla Tribes' projects combine fisheries/harvest enforcement with education and enforcement of habitat regulations and protection of habitat improvements in the Umatilla, Grande Ronde, John Day, Walla Walla, Clearwater, Snake, and Columbia rivers. The Shoshone-Bannock Tribes' project focuses on protecting habitat restoration investments in the Salmon and Snake rivers through enforcement and education, including protection of adequate water flows through enforcement of and education on fish screens, water rights and water quality laws.

CBFWA commented that it is still working to try to develop consensus criteria that can ensure that "conservation enforcement" projects meet the Council's concerns. The existing law enforcement proposals may be modified to meet this criteria. CBFWA hopes to provide a consensus funding recommendation to the Council by mid-September, before the Council takes final action. Bonneville, on the other hand, has encouraged the Council "to take a close look at the potential benefits for protection of adult salmon" from fisheries law enforcement programs, "particularly in the instance of tribal law enforcement, where additional funding sources are not readily available." To do so would probably require a reversal of the position the Council took last year, rather than a fleshing out of last year's guidance as to where the Council believed its responsibilities lie.

Staff recommendation. The Council has no basis right now for recommending funding for these projects, or even for recommending the reservation of the \$1.74 million placeholder. But the Committee has indicated to Brian Allee that they will wait to see what CBFWA presents before making a final recommendation on law enforcement funding. If CBFWA does in fact present the Council with a funding recommendation for law enforcement activities, the Council staff, in consultation with project sponsors, Bonneville and others, will need to review these project proposals in more depth to determine if they are consistent with the Council's guidance from last year, an effort that may require the Council to define more precisely what it meant by the elements in last year's general guidance. This work would commence with a funding recommendation from CBFWA, and it could take awhile.

7. Treatment of "non-discretionary" projects

In its draft workplan, CBFWA assumed reductions or elimination of eight projects defined by Bonneville in the past as "non-discretionary," at a total reduction of over \$1,300,000. (Note: This discussion of "non-discretionary" projects refers to a series of projects relevant to analysis of system operations and configurations. It does not include the resident fish production facilities that Bonneville has labeled non-discretionary.) For example, CBFWA recommended not funding three University of Washington projects that provide modeling and statistical support and analysis (Project Nos. 8910800, 9105100 and 9601900) and total over \$900,000 that Bonneville identified in FY98 as non-discretionary. CBFWA also recommended significant reductions in the

proposed budgets for five other projects in this category (ranging from a \$3000 reduction in one to over \$100,000 on two projects).

Of the three projects that CBFWA recommended for elimination, the ISRP recommended funding for one (No. 9105100); gave "moderate support" (but no recommendation for funding) to a second (No. 9601900); and concurred in the CBFWA recommendation to eliminate the third (No. 8910800). On the other five projects, the ISRP labeled one project as an "inadequate proposal" with quite critical Appendix A comments (No. 9700200, concerning UW technical support for PATH) and included critical comments for a number of others.

Bonneville recently provided to the Council and CBFWA a description of what these projects accomplished in the past year. CBFWA sent a letter to Bonneville on June 2 seeking a formal definition and justification for the non-discretionary label for these projects. CBFWA commented that it has not yet received a reply. Bonneville did provide comments to the Council that included a detailed description of the project objectives and rationale for non-discretionary classification for two of the projects (9105100 and 9601900) that CBFWA recommended for elimination. Bonneville also commented that it welcomes regional discussion of these projects, and will take the comments and recommendations of the Council and others seriously. At the same time, Bonneville emphasized that these are support activities Bonneville relies on and that "the final determination must be based on Bonneville's assessment of how to best meet its statutory obligations as a federal agency."

One issue for the Council will be whether it recommends that Bonneville not fund projects recommended for elimination or reduction by CBFWA and concurred in by the ISRP. Another issue for the Council will be whether and to what extent it recommends that Bonneville respond to the criticisms of these projects in the Appendix A comments of the Panel or accept recommended changes in these projects or their budgets. If these projects are funded as identified by Bonneville, another issue for CBFWA and the Council will be to identify the budget reductions in the draft workplan to accommodate these items.

Staff recommendation. The Fish and Wildlife Committee directed staff to arrange a meeting with Bonneville and CBFWA personnel to try to hammer out a common approach to these projects that has at least the grudging acquiescence of all interested. Staff has scheduled that meeting for September 4. We hope to be able to firm up a staff recommendation by the time of the Council's FY1999 funding recommendation in late September.

In the event we do not reach a consensus approach to these projects, the Council will have to consider its options for reacting. One option is a Council recommendation that follows the CBFWA recommendation to eliminate or reduce the funding for these projects, at least to the extent the ISRP concurred in the recommendation to eliminate funding or provided the kind of critical comments that might support a scaling back of the project. With regard to the projects recommended for reductions in funding, we would need to discuss with Bonneville the extent to which the reductions would affect what these projects can accomplish. Another option would be to

recommend or at least accept funding for these projects at the levels Bonneville has set.

A third option is for the Council simply to express no opinion on these projects at this time, recognizing that Bonneville will likely fund them for its own purposes and thus that there is little point to a recommendation. A variation on this third option would have the Council express no opinion except with regard to one project only -- the modeling support project (No. 8910800) that received a "no funding" recommendation from CBFWA, which the ISRP concurred in, and which Bonneville did not respond to in its comments.

Whatever approach is chosen, the Council should recommend that Bonneville treat these projects like all others with regard to addressing the ISRP's Appendix A comments, as described above in issue no. 1.

8. Biological studies of gas supersaturation

In its original FY98 recommendations, the Council recommended that funding for gas supersaturation projects be held in reserve pending the development by what is known as the Dissolved Gas Team of a coordinated research plan for the gas supersaturation evaluations and associated recommendations for project funding. The recommendation included a provision for review by the Independent Scientific Advisory Board and review and approval by the Council before the Council would recommend project funding. The Council later agreed to scaled-back but continued funding in FY98 for gas supersaturation evaluation efforts pending the development and review of the research plan.

The Dissolved Gas Team has now produced a proposed research plan. According to information compiled by Gustavo Bisbal of the Council staff, the Gas Team has presented its research plan to CBFWA and the Implementation Team, but there has not yet been a formal request for ISAB review. Mike Schiwe of NMFS did, however, informally share the Gas Team's plan with the ISAB. It appears that the Board quickly concluded that there is a policy controversy at the core of the discussion -- should gas be managed based on water quality standards or on the actual effects on fish? Because of this unresolved policy statement the ISAB members believed the research plan may not be ready for review.

Meanwhile, the ISAB is planning to complete a report on their review of the Corps of Engineers' Gas Abatement Program by September 30, 1998. (Note: NMFS recently provided comments to the Corps that echoed last year's ISRP comments criticizing the continuing study of the causes and effects of gas supersaturation when the physical causes and engineering solutions are known and the general biological detriment of high gas supersaturation is well proven.) CBFWA is waiting for the ISAB to conclude its review of the Corps' gas program. CBFWA is then committed to finalizing its own plan or approach to gas research and evaluation, to be based on the Gas Team's proposed research plan, the ISAB's review of the Corps' program, and CBFWA's own internal discussions. CBFWA has scheduled a delivery date of 60 days (~November 30) after the ISAB completes its report. Earlier this year, the Council conditioned FY1999 funding of the two on-going gas

evaluation projects (No. 9300802, CRITFC, and No. 9602100, USGS) on the completion and approval of a research plan. Pending the completion of the research plan, however, CBFWA has recommended for FY1999 the last year of funding for one of these projects (No. 9300802, CRITFC, \$272,000 recommended), as well as another year of funding for the other (No. 9602100, USGS, \$652,000 recommended) -- essentially a continuation of the approach the Council and CBFWA settled on for FY98. (Note that while USGS has requested funding for FY2000 as well, CBFWA is recommending that this project receive only a final year of funding in FY1999.) The ISRP labeled both projects proposals as adequate and concurred in the funding recommendation. The issue for the Council is whether this is an appropriate course in FY1999. Staff understands that neither project requires funding until March of 1999.

Staff recommendation. This is one of the few areas in which the staff recommends that the Council defer a funding recommendation. By sometime in the fall we will have the ISAB's report on the Corps' gas program, followed by a CBFWA decision on a research plan, drawn from the Dissolved Gas Team's proposed plan and the ISAB report. At that time CBFWA may update its recommendation for FY1999 funding for these two projects. It may well be that the ultimate recommendation is to fund the last year of these two projects, and for that reason, this amount of money should be reserved in the budget as a placeholder. But since the projects do not require a funding decision until the first part of 1999, deferring that decision until the ISAB and CBFWA finish these tasks is a prudent course for the Council.

9. Coded-wire tags

Another issue left over from FY1998 concerns Bonneville funding for coded-wire tagging and recovery. Bonneville funds a coded-wire tagging and recovery program under four contracts, the largest administered by the Pacific States Marine Fisheries Commission (PSMFC). The program grew to more than \$2 million in FY1997 and then \$2.4 million in FY1998. For FY1999, CBFWA recommended a further increase to \$2.655 million (the project sponsors asked for \$2.78 million).

The Bonneville funding is a contribution to a coast-wide effort for coded-wire tagging. Coded-wire tags are a useful monitoring tool for the region, but the information from them is not clearly linked to specific information needs under the Council's Fish and Wildlife Program. Coded-wire tags are now used primarily, though not exclusively, for harvest management and evaluation of artificial production facilities. Concerned about the relevance of the Bonneville funding effort to the Council's Fish and Wildlife Program, in the FY1998 funding recommendation the Council called for its staff to work with Bonneville and the affected agencies and others to review the coded-wire tag program. The goal of the review was to analyze whether and how the coded-wire tag information obtained by virtue of Bonneville funding under the Council's Program is relevant to information needed for the Program and Bonneville's obligations under the Power Act. The ISRP in this year's report further recommended "that the various projects related to the large scale use of coded-wire technology be incorporated into an umbrella proposal, subjected to independent review, and placed on a multi-year funding track."

The review has not yet been completed. What we have learned is that millions of fish are tagged (and where they are tagged) and that reams of data from the tags are collected. Much of the tagging that Bonneville pays for occurs at Mitchell Act hatcheries below Bonneville Dam, hatcheries that are not only not part of the Council's Fish and Wildlife Program, but also not a mitigation funding responsibility of Bonneville's under any other budget category or statutory obligation. The information from the tags is used mostly, as noted, for harvest management and for evaluating artificial production practices and contributions to harvest, especially including Mitchell Act and Lower Snake River Compensation Plan production. The information does have other uses -- PATH analysis includes lots of information from coded-wire tags, for example. But the current sticking point for the Council and Bonneville is the extent to which the information from coded-wire tagging is used to answer "our" questions, that is, the relevance of the use of coded-wire tags to information needs under the Program, such as for monitoring and evaluation of Program production and habitat activities, monitoring indicator or index stocks as part of an information base needed to support the Program's focus on improvements in natural production, information on the contribution of supplementation to natural production, the mainstem hypotheses experiment, etc.

In other words, does the extent of information currently gained from coded-wire tags relevant to the Program justify the level of funding support from Bonneville for coded-wire tags? Even if the eventual answer is no, this would not automatically mean the Council should recommend a reduction in funding, although that would be one option. It might also mean that to the extent that information needs for the Program are not being met, the funding review might provide the Council some leverage to bring about changes in the way information is obtained and used to better fit the needs of the Program. One initiative the Council has always been after is the development of a comprehensive approach to monitoring and evaluation of the Program's activities -- coded-wire tags could be an essential tool in that effort.

At the end of July, PSMFC provided a host of information and a set of recommendations for proceeding, summarized as: consolidate the four Bonneville coded-wire tag contracts into a single contract; create a multi-agency steering or coordinating committee to coordinate coded-wire tag efforts in the Columbia, similar to what exists for PIT tags; organize a small working group to analyze the relationship of the coded-wire tag program to an overall fish and wildlife monitoring and evaluation program and report by June 1999; and fund the program in FY1999 at the FY1998 level plus carryover. More detail on these recommendations is provided below.

Staff recommendation. The Council should recommend the consolidation of the coded-wire tagging projects under a single-contract and the creation of a multi-agency committee to coordinate coded-wire tagging efforts in the basin. PSMFC should probably organize and coordinate this committee. It should consist of the hatchery managers and fish biologists who can work out the day-to-day management operations of the coded-wire marking and recovery -- making sure that tags for marking are ordered and delivered where they need to be, that observers are on location, that tags were collected and delivered, etc. This coordinating committee would

not be responsible for determining the purposes of the coded-wire tag program, nor deciding what fish to tag and why.

Determining the relevance of the coded-wire tag efforts to the Council's Fish and Wildlife Program -- and if possible, shifting that effort to better meet the needs of the Program -- depends in part on a better definition of a monitoring and evaluation plan for the basin that is responsive to the information needs in the Council's Program. PSMFC recognized this point in their submission, noting that "to determine the relevancy [of the coded-wire tagging] to the Fish and Wildlife Program and Bonneville's level of funding, it is necessary to have an overall monitoring and evaluation program in order to see how the program 'fits in.'" Currently this does not exist." Waiting for the completion of a comprehensive monitoring and evaluation plan before tackling the coded-wire tag problem does not make sense, since this is a goal the Council and others have been trying to reach for years without success, and especially since a monitoring and evaluation plan at this time would have to be provisional or interim pending the completion of the Program framework. But tackling the coded-wire tag problem without considering broader monitoring and evaluation concerns also does not make any sense.

For this reason, staff recommends that the Council's recommendation be the catalyst for the formation of a work group to consider the coded-wire tag program in the context of a discussion about what we will need for a comprehensive basin-wide monitoring and evaluation plan than can meet the Council's Program needs and dovetail with the developing framework. This would not be the same people as those who are part of the coded-wire tag coordinating committee. Group participants should instead be those at a different level of policy and scientific assignment, who have participated in similar efforts and who are working in or familiar with the developing framework -- people whose responsibilities should include a wide view of Program needs, resources, and management and policy strategies. The product expected from this group would include recommendations to the Council and others for how to direct the sensible use of coded-wire tags funded by Bonneville to meet Program needs and contribute to likely elements of basin-wide monitoring and evaluation plan. As an example, this group could identify a comprehensive set of indicator stocks for which tagging is needed to satisfy the policy and management needs not only of the Council's Program (see Section 4.3), but also of other efforts in the basin that depend on coded-wire tag information, such as for the Pacific Salmon Treaty, PATH and any needs of NMFS and others under the Endangered Species Act. Marking of these stocks would then become a priority for the coded-wire tag program and should provide information to satisfy framework needs. The target date for receiving these recommendations would be June 1, 1999, and in any event, before the end of next year's project review process.

Either as part of this group's efforts, or as a separate discussion, the Council should request that NMFS justify the relevance of Mitchell Act production monitoring to the Council's Fish and Wildlife Program, and that the Fish and Wildlife Service justify the same for Lower Snake River Compensation Plan production monitoring. The discussion should also include investigating alternative funding sources for this monitoring, if the relationship or link to the Program is not

made more obvious and persuasive.

With regard to the funding, staff tentatively recommends that the Council recommend that funding be returned to the FY97 level (approximately \$2 million total for the four contracts), adjusted for inflation. That amount should be the cap for FY1999, including (not in addition to) the use of carryover funds, which should be applied first. (Bonneville has reported that the contracts have built up a substantial amount of carryover, perhaps in the neighborhood of \$1 million. This will need to be confirmed.) Approximately \$100,000 of this funding recommended for FY1999 should be earmarked to cover the costs of organizing and operating the newly formed coordinating committee and monitoring and evaluation work group.

This staff recommendation is tentative because the Fish and Wildlife Committee agreed to a suggestion by Brian Allee that CBFWA analyze the ramifications of a return to FY97 levels and report to the Committee before the Council makes its final funding recommendations. But staff is concerned about recommending even the PSMFC's recommendation that funding levels continue at the FY1998 level pending the completion of the review, given that FY1998 represented a substantial increase over FY1997 levels, at precisely that time that the concerns arose necessitating the review. It is unclear why the budget for the coded-wire tag effort needed to increase so substantially in FY1998 and then why the project sponsors sought a further significant increase in FY1999. It has not been clear from staff's review whether additional stocks needed to be marked, or larger numbers of fish in the usual groups needed to be marked, or what justified the increases in marking. More fundamentally, it seems odd, to staff, to recommend funding at the level requested for a tool whose relevance to the Program is yet to be determined, even as useful as that tool might be to others.

10. Lamprey project

a. New research projects

CBFWA's draft FY1999 workplan includes several new research projects. These need to be scrutinized for Program consistency and ISRP concerns. These projects also need to be evaluated to understand what long-term funding obligations recommending their initiation would require.

One example concerns research or evaluations to determine the status of Pacific lamprey and identify possible restoration actions. The Council's Program, in Section 7.5F, called for the funding of a unified status report to the Council on Pacific lamprey populations and for the funding of any actions recommended in the report. Based on the 1995 status report, the direct program has included since then an on-going, cooperative project to develop lamprey restoration plans (Project No. 9402600). For FY1999, CBFWA recommends another \$320,000 for this project. The ISRP criticized the project description as inadequate, but stated that the project has an adequate purpose.

CBFWA's draft FY1999 workplan also includes recommendations to fund two new lamprey

evaluation projects (No. 9057, an IDFG project in the Clearwater, and No. 9104, a USFWS/WDFW project in the Lower Columbia), and a "Tier 2" status for a third (No. 9147, an ODFW lamprey research project). The ISRP found this latter project proposal to be inadequate, in part because of its lack of a relationship to the on-going project. The ISRP found the other two project proposals to be adequate, made favorable comments about their designs, and concurred in the funding recommendations from CBFWA, although the ISRP did state that its sole criticism of one project was "its lack of direct ties to other projects and mild explanation of programmatic need and relationships."

The issue for the Council, in this example, is whether it makes sense under the current program to initiate new lamprey research or evaluations while what was to be the umbrella or model exercise in determining lamprey status and possible restoration plans is still on-going. This is especially true when the new projects are apparently not connected to or coordinated with the existing effort, did not originate in the careful lamprey status review that the Council went through in 1995, and (especially in the instance of the lower Columbia project) have unclear links to the impacts of the federal hydropower system and thus to a funding responsibility under the Act. Discussions with one project manager indicated the CBFWA recommended against funding the ODFW project as redundant; that the other two new projects were recommended for funding because they cover geographic areas different than the ongoing project; and that there is an obvious need to decide how to coordinate new projects with the existing effort, to avoid redundancy, facilitate cross-learning and ensure that information is collected in a manner to be compatible.

It may be that these new projects need to exist because of gaps in the scope of the existing effort; it is not possible to tell from what we have so far. At the least the Council will want to recommend that the new lamprey research projects be coordinated with the existing effort. The Council might also consider a recommendation not to fund the new projects and request that the project sponsors of the new proposals and the on-going effort collaboratively review the on-going effort and recommend whether the Program needs to review and possibly expand its lamprey effort in a coordinated way in FY2000 or beyond.

CBFWA and ODFW reaffirmed in their comments their recommendation that the Council recommend funding for the new lamprey projects "in order to apply the on-going effort to specific geographic areas," and that the Council direct the project sponsors to coordinate their efforts with the existing work. Bonneville, on the other hand, agreed with the idea of a collaborative review before initiating additional work.

Staff recommendation. The Council should recommend against funding for these new lamprey research and evaluation projects, for the reasons stated above -- it makes little sense to initiate new lamprey work while what was to be the umbrella or model exercise in determining lamprey status and possible restoration plans is still on-going, especially when the new projects are apparently not connected to or coordinated with the existing effort, did not originate in the careful

lamprey status review that the Council went through in 1995, and (especially in the instance of the lower Columbia project) have unclear links to the impacts of the federal hydropower system and thus to a funding responsibility under the Act. If the fish and wildlife agencies remain interested in initiating new lamprey work, the project sponsors and CBFWA should assess the on-going effort and the new proposals in a coordinated way and recommend whether there is a need for a more detailed project review and possibly an expansion of the lamprey effort in FY2000.

b. Existing project

As noted above, the Council's Fish and Wildlife Program, in Section 7.5F, called for the funding of a unified status report to the Council on Pacific lamprey populations and for the funding of any actions recommended in the report. The existing lamprey project has been developing in phases. Phase I was a review of the available information and development of the status report, approved by the Council in 1995. The project is now in Phase II. Based on this 1995 status report, the on-going lamprey project has ever since been a cooperative effort to develop lamprey restoration plans (Project No. 9402600). This phase has involved data gathering on abundance, distribution and limiting factors. It also includes the development of a work plan recommending actions to address lamprey needs, including habitat and passage improvements, the possible use of artificial production and harvest management. The project managers hope to have the work plan and recommendations to the Council in 1999 for review and approval. Phase III would be implementation of this work plan. For FY1999, CBFWA recommended another \$320,000 for this project. The ISRP criticized the project description as inadequate, but stated that the project has an adequate purpose. Staff has recently noticed, however, that despite the fact that Phase II is the stage for developing restoration plans, and implementation is supposed to wait for Phase III, following Council review and approval of the restoration plans, the FY1998 budget for the lamprey project shows 80% of the money was to be used for planning and 20% for implementation. The FY1999 budget appears to be an even more dramatic shift, to 50% planning and 50% implementation. The project appears to be getting out of sequence -- it is unclear what is being "implemented" and why. Moreover, if artificial production is part of the implementation effort -- and it is not clear whether it is or not -- then these initiatives need to go through the interim review process for new production before implementation.

Staff recommendation. This issue is not yet ripe for a recommendation. Staff just identified this issue with the existing project, and has not yet had a chance to check whether it has correctly characterized the situation or discuss this issue with the project sponsors and others. It is possible that the staff will suggest that the Council recommend funding only for the completion of planning and not for implementation.

11. Coordination funding

CBFWA's draft workplan includes approximately \$500,000 for reimbursement to agencies and tribes for staff time spent on participation in regional coordination. Currently, only travel expenses are reimbursed, and that happens through the CBFWA contract. The heart of the issue is

an effort by the managers to set a standard policy for reimbursement of staff time spent on regional coordination and a to fund such time directly instead of as part of individual project administration costs. Staff understands the recommended budget amount to be, in essence, a placeholder, while CBFWA and Bonneville work out the details as to who would be entitled to use this money, for what purposes and under what conditions.

Staff recommendation. The discussions with the Fish and Wildlife Committee have focused on the possibility of a Council recommendation that no money be reserved for this purpose in the FY1999 budget, and that CBFWA and Bonneville return in FY2000 with a budget proposal that tightly defines the purpose and rules for allocation of money for coordination, including ensuring that there is no redundancy or duplication in funding for coordination. This is the staff recommendation. One of the assumptions of building indirect costs (overhead) into specific projects is that these partially pay for administrative time and policy development and oversight. Thus part of the analysis of this issue is to examine the role of overhead costs.

12. Budget management issues

This year's workplan raises a number of budget management issues, although none as serious as last year.

a. Issues underlying assumptions about available budget amount

First, CBFWA's draft workplan assumes a base budget of \$132,139,423, over \$5 million above the \$127 million initial allocation in the budget agreement. CBFWA reached this base by assuming that \$1.6 million would be drawn from the "contingency" reserve, \$2.1 million will be available from unused 1998 funds, and \$1.4 million will be available from interest on unspent funds pursuant to the budget agreement. The question for the Council has been whether to accept these assumptions for the initial budget. More to the point has been the question whether Bonneville accepts these budget assumptions.

Staff met in July with Bonneville and CBFWA staff to discuss this issue. From that meeting, and its own further review, CBFWA concluded that its reserve and interest assumptions were reasonable and that the carry-forward assumption would need to wait until the Third Quarterly Review to be affirmed or modified. CBFWA then provided an additional explanation for its carryover assumptions. Bonneville provided written comments indicating that there remained an inherent uncertainty over the total amount of funding that would be available, and thus that the Council and CBFWA should plan accordingly. However, at a staff-level meeting on August 27, Bonneville representatives indicated that their analysis now allowed them to be comfortable with CBFWA's planning assumptions.

Staff recommendation. Assuming that the Bonneville staff comments at today's meeting hold, the Council and CBFWA should continue on a budget planning approach that includes the interest, reserve use and carryover assumptions that CBFWA developed. It is likely we will still need some

sort of budget reconciliation process anyway, to take into account final project funding recommendations that differ from CBFWA's draft (see the following issue.) This will need to take place sometime after the Council's funding recommendation decision in mid-September.

b. Possible reallocation issue and procedure

A related issue is what to do from a budget standpoint about the various recommendations and concerns noted above that would add projects that need funding to CBFWA's draft workplan and subtract others. Even if the Council does not recommend funding for the nine projects recommended by the ISRP, there is the issue of the projected needs for framework development, which may have to come out of the direct program budget, and the funding that is likely to be allocated by Bonneville to the non-discretionary projects beyond what CBFWA recommended. Also, CBFWA recommended a budget of \$100,000 less than estimated for the Independent Scientific Advisory Board, which was a mistake and not an intentional reduction. The other side of this coin is that it is possible, even likely, that the Council will recommend against funding for certain projects in CBFWA's draft workplan (e.g., law enforcement proposals, the coordination proposal, and the new lamprey research projects). This would require reallocation of the funds budgeted by CBFWA for these projects.

CBFWA included in its comments charts displaying an approach to budget revision which took into account a number of contingencies (such as whether or not the Council recommended funding for the nine projects). These comments have been helpful for the staff's analysis.

Staff recommendation. The Council should not unilaterally determine an approach to budget reconciliation/reallocation. Instead, staff will analyze the budget implications of its recommendations to add and remove items from the budget, and provide that analysis to CBFWA and Bonneville. We will update that analysis when the Council makes its final funding recommendation, including identifying what budget elements remain uncertain, if any (such as assumptions about carry-forward, or whether framework funding will be wholly out of the direct program). If the analysis shows a budget balancing problem, the Council should then ask CBFWA to review and recommend to the Council a revised budget that is balanced.

c. Issues relevant to operation and maintenance costs and overhead costs in general

In last year's funding recommendations, the Council noted a concern with the fact that the Council's program is creating an ever-increasing obligation for funding operation and maintenance, which may not be adequately accounted for and described. The issue for the Council was whether Bonneville and the project sponsors could better define what are appropriate operations and maintenance costs and ensure that long-term operations and maintenance obligations are accurately described and understood. The Council ultimately recommended "that Bonneville work with Council staff and project sponsors to develop better long-term operations and maintenance projections for projects prior to next year's funding process. The Council requests a report midway through this fiscal year on long-term operations and maintenance

expectations. This task includes agreeing to standards for determining what are appropriate expenditures for operations and maintenance."

This work got lost in the shuffle of all the other work that flowed from the FY1998 funding recommendation. The need has not gone away, especially to define standards across the Program for what are appropriate operation and maintenance expenses (and the appropriate application of overhead costs). The ISRP noted the fact that project proposals for similar tasks carry very different budget estimates, and the Panel recommended that the Council "systematically evaluate budgets among projects for consistency and reasonableness."

The Council and its staff do not have the resources and capability for this level of project budget scrutiny, but Bonneville and the managers should. The Wildlife Working Group has already developed rigorous standards for determining appropriate operation and maintenance costs for wildlife projects.

Staff recommendation. The rest of the Program follow the lead of the Wildlife Working Group. The Council should reiterate its recommendation that Bonneville work with Council staff and the managers and project sponsors to develop better long-term operations and maintenance projections for projects, including "standards for determining what are appropriate expenditures for operations and maintenance." Something similar needs to occur for the appropriate application of overhead costs, as well. Developing these standards will be an especially important prerequisite to any shift to a multi-year review and funding recommendation procedure (described below in issue no. 18a).

d. Staff costs (FTEs) not connected to projects

The ISRP also noted that some FY1999 proposals are for staff support without a tie to a specific project or connected to several projects. This, to the ISRP, was more than just a budget concern -- "the ISRP finds this practice to be inappropriate for technical evaluation of the proposed work and for creating a record of objectives and accomplishments." Thus the Panel recommended "that the Council require requests for staff funding be tied to a specific project proposal(s). The FTEs should be justified, their work described and the costs, and results tied to the objectives of a functional project." This fact had not escaped the notice of the staff -- a couple of these staff support "projects" have a budget in the million dollar range.

Staff recommendation. The Council should recommend that Bonneville begin to address this concern as part of the process of addressing other project concerns in the statements of work at contracting (see issue no. 1 above). Council staff will develop a list of these detached staff support projects. Bonneville and the project sponsors should begin, in the FY1999 contracting, the process of tying these requests to functional projects. This is also an issue that can be addressed as part of the work recommended to group projects for umbrella review (see issue no. 18 below).

13. Protection and enhancement of mainstem habitat

The ISRP recommended that the Council "place more emphasis on protection and ways to enhance habitat of the naturally reproducing salmon populations in the mainstem of the Columbia River. ISRP Report, Section V(B)2.b.2. The Panel did not tie this recommendation to any specific project or projects.

Last year, in response to similar concerns raised in the Return to the River report and in the ISRP report, the Council recommended funding to initiate two scoping studies, one on mainstem habitat and one on mainstem populations. These projects are just about to begin. The Council is also engaged in a long-term process to redesign the scientific framework of the Program, in which mainstem habitat considerations will play a significant role. The issue is whether there is any other action that the Council can or should take at this time, as part of the FY1999 funding recommendation, to respond to this ISRP recommendation.

Staff recommendation. Nothing specific for the FY1999 funding recommendation has come to the attention of the staff or Committee. There is nothing further for the Council to recommend here.

14. Earmark budget for innovative work

The ISRP recommends that "the Council explicitly encourage innovative projects by earmarking a small percentage of its budget each year as seed money." ISRP Report, Section V(C)4; reasoning is at pp. 94-96 of the report. This may be less a recommendation aimed at this year (FY1999), since all the project proposals are in, than a recommendation for a change in approach for FY2000 and beyond.

(Note one point that might confuse readers of the ISRP report: The ISRP's discussion of innovative work includes a table of examples of innovative projects to illustrate the Panel's point. This is not the list of lower-ranked projects recommended by the Panel for funding, a topic discussed above, although three of the projects are on both lists. And, the Panel did not recommend funding for this list of innovative projects -- the list is simply for illustration of the general point.)

One issue for the Council is how to reconcile this recommendation with the Fish and Wildlife Program, which calls for specific actions and strategies and programs and not for funding in general for good ideas in fish and wildlife recovery that have yet to make it into the Program. One possibility, if the Council is inclined in general toward this recommendation, is to focus a solicitation on unfunded gaps or needs in the Program and invite innovative proposals to meet those needs (see issue no. 18c below). Another possible approach is not to reserve a certain amount of the budget for "innovative projects," but instead to build into the project review criteria certain scoring advantages for innovative approaches.

The discussion with the Fish and Wildlife Committee focused also on the idea of recommending that a budget amount be reserved in FY2000 and future years as seed money for new proposals -- that is, funding that would allow for significantly greater scoping or development of proposals for

innovative work (not for implementation per se). The results of the scoping studies could allow the Council and CBFWA to determine if the work was not only innovative and potentially beneficially but also could address unmet needs in the Program. The Council would direct proposals for new work towards this dedicated fund. Staff will try to flesh out this idea in the near future.

Staff recommendation. This issue and staff recommendation has to be seen in the light of the staff's other recommendation for shifting this process to a more focused solicitation of projects to meet identified Program needs (see issue no. 18c below). The idea is that in future years the Council and the other participants in this process would focus the project solicitation in three areas, loosely defined as:

1. Descriptions of on-going projects proposed for further funding, grouped appropriately for complete ISRP and CBFWA review. We are working with CBFWA and Bonneville on how to do this; the ultimate goal is to shift significant parts of the program to a multi-year review schedule (see issue no. 18a below).
2. Watershed project proposals to be reviewed through CBFWA's technical process and the ISRP, conditioned on further definition of required watershed assessments.
3. New ideas and proposals for alternative approaches, which would be solicited for competition for a limited amount for one-year "scoping" grants, perhaps of up to \$100,000 from a total reserve of \$2 million. The purpose would be to investigate promising new ideas with a scoping report shortly after proposed, a report that can be evaluated for further Program investment. CBFWA would review these proposals, but we should consider asking the ISRP to make recommendations to the Council for a final list of scoping grants. Among the standards for choosing these projects would be some tie to either unimplemented elements of the Program or promising new approaches to improve upon existing measures.

This approach would appear to limit access to the funding process, but would actually improve it in at least fourth respects: First, it would bring the process more in line with the overall approach set out in the Power Act -- the emphasis would be where it is in the Act on the underlying planning document, the Council's Fish and Wildlife Program, which we are trying to implement by funding projects. This is not simply a grants program for good project ideas. Second, it could concentrate the ISRP review where we need it -- on the merit and soundness of ongoing efforts. Third, it should reduce the misunderstandings created by the artificial expectation that we are currently looking to initiate a number of initiatives. Fourth, we can be more deliberate about initiating new work -- first investigating the promise, and then making more considered decisions to initiate work in chosen directions.

15. Wildlife program recommendations/integrating wildlife and fish habitat protection/coordinating fish and wildlife programs

The ISRP made several recommendations under the umbrella of comments about the wildlife mitigation program, all of them essentially repeats of recommendations made last year. ISRP Report, Section V(C)5, pp. 97-98. Two recommendations directly concern the wildlife program itself -- the program should "include an explicit scientific research component" that encourages "[i]nnovative monitoring and research proposals," and "additional scientific criteria [should] be added to those currently used to prioritize proposals for wildlife mitigation projects." The ISRP also recommended that "wildlife and fish habitat protection programs be better integrated and that projects be evaluated on criteria that favor those projects with documented benefits to both terrestrial and aquatic species." And finally, the Panel recommended that "specific mechanisms be developed to coordinate the FWP with other programs that have significant impact on fish and wildlife and their habitat in the Columbia River Basin." The ISRP did not tie these recommendations to specific FY1999 funding decisions.

Staff recommendation. Efforts are already under way to try to respond to these comments and recommendations. For example, the Wildlife Working Group has just released a request for proposals for developing a beefed-up monitoring, evaluation and research component for the wildlife program. The group has also revised its project selection criteria in a way that should satisfy the ISRP. Moreover, the wildlife program does now include projects that provide integrated fish and wildlife habitat protection, such as at Squaw Creek, Pine Creek and Coeur d'Alene initiatives. That is not to say that much more needs to be done to ingrate anadromous fish, resident fish and wildlife values and habitat protection; this is in part one of the hopes for the multi-species framework development process. But staff has not identified any need for further guidance or recommendations from the Council in the FY1999 funding recommendations.

16. Costs of drawdown mitigation at Hungry Horse and Libby

This is an issue new (in late-August) to the staff's issue analysis, brought to our attention by CBFWA's comments. As I understand the situation, and my understanding at this point is quite second hand, Bonneville has funded mitigation for excessive drawdowns at Libby and Hungry Horse since 1994 from the power supply budget. (It is not yet clear to me what are the mitigation activities that are funded.) Bonneville has always maintained that it considered this to be a fish and wildlife cost that should be assigned to the direct program portion of Bonneville's fish and wildlife budget. Bonneville has, apparently, now taken this step, stating that the \$700,000 cost for these two projects must be funded from the resident fish portion of the direct program budget, effectively displacing other activities that could be funded with that amount. CBFWA did include these costs in the resident fish budget for the FY1999 draft workplan. But CBFWA also contends that it is inappropriate for Bonneville to unilaterally transfer funding responsibility from the power supply budget to the fish and wildlife budget without regard to the regional procedures for discussing budget allocation and reallocation issues recognized in the Bonneville fish and wildlife budget Memorandum of Agreement. CBFWA asks the Council to recommend that Bonneville retain these projects in the power supply budget "until mitigation for the effects of not implementing the IRCs is fulfilled. At that time, these two projects will no longer be needed."

Staff recommendation. This issue is not ripe for a staff or Committee recommending. Staff is still trying to understand the issue, and we have not yet talked with Bonneville representatives. If this is in fact an issue, the first place to discuss it would probably be through the MOA work group. Staff will report to the Council as soon as it knows more.

17. Funding for the Columbia Basin Bulletin

In FY 98, the Council recommended:

"...the Council, Bonneville and the Columbia Basin Fish and Wildlife Authority for a team to assess current information sources, identify information needs, and develop a proposal for a coordinated system to meet those needs, including a proposal for a competitive selection process to select the contractor to develop and maintain the system."

Following the recommendation, the Council approved more specific guidance and an interagency committee developed and Bonneville issued an RFP regarding publication of an electronic newsletter covering development and implementation of fish and wildlife policy in the Columbia Basin. A final contract for the publication was awarded in April 1998. Approximately \$90,000 reserved in the FY1998 budget was dedicated to the publication. Those funds will support the project until April of FY1999.

The contractor was unable to submit a proposal for funding for the remainder of FY1999 because he was not selected until after the deadline for submitting proposals for FY1999 funding was past. The issue for the Council is whether or not to recommend additional funding for the project for the remainder of FY1999 (The contractor is expected to submit a proposal for ongoing support in the FY 2000 solicitation process). It will require approximately \$50,000 to continue the project through FY99. Because no proposal was submitted due to the timing of the RFP process, CBFWA did not include this funding in its proposed budget. Comments about the Bulletin have been favorable, and objections to providing the additional funding have not surfaced. Both CBFWA and Bonneville commented positively about the value of the Bulletin, and CBFWA made room for this funding in the revised budget estimates it provided.

Staff recommendation. The Council should recommend that Bonneville provide the needed additional funding.

18. Reform of the project review process

Staff recommendation. The Council and its staff have been engaged for some time in discussions about ways to improve the project review and selection process. Some of the main ideas are described briefly below, focusing especially on how the ISRP report overlapped or provided a context for reform efforts already under consideration.

These issues are not directly relevant to the FY1999 funding recommendation. Moreover, the Council has already indicated to the staff that these are issues to focus on. Thus the point of the

discussion here is to describe future aspirations, rather than to state a specific Council funding recommendation.

a. Program reviews/multi-year funding -- grouping projects into umbrella programs for review and multi-year funding recommendations

An overarching theme in the ISRP report is the need to aggregate or coordinate a number of on-going projects into their logical on-going umbrella programs, review each umbrella program as a whole to determine how the pieces relate to each other and how the whole program holds together scientifically, and then place the program on a multi-year funding basis. The Panel made this comment with regard to the smolt monitoring program, the coded-wire tag projects, the white sturgeon studies, the PATH program, and the large supplementation programs:

V(B)2.b.1. The ISRP recommends that all the smolt monitoring activities be incorporated into an umbrella proposal that clearly justifies the various elements and defines their relationship to each other. The entire program should be subjected to programmatic review and placed on a multi-year funding track.

V(B)2.c.1. The ISRP recommends that the various projects related to the large scale use of coded-wire technology be incorporated into an umbrella proposal, subjected to independent review, and placed on a multi-year funding track.

V(B)2.c.2. The ISRP recommends that all the white sturgeon studies in the basin including headwaters be coordinated and subjected to independent review and placed on a multi-year funding track.

V(B)2.c.3. The ISRP recommends that the entire PATH program be subjected to independent review, the proposals more effectively coordinated and the entire set of proposals placed on a multi-year funding track.

V(C)2.1. The ISRP recommends that the individual project proposals that comprise parts of a single large supplementation project be incorporated under a single umbrella proposal and considered for a multi-year funding track. This recommendation assumes that the comprehensive review will recommend continuation of supplementation programs in the basin.

The Panel capped this discussion with the general recommendation that "the Council adopt a multi-year funding process for selected projects," suggesting a procedure for selecting and recommending programs/projects for multi-year funding at pp. 102-03. The Panel did not suggest specific criteria for approving projects for multi-year funding. CBFWA will consider principles for multi-year funding at its Members Meeting next week. There are a number of details and logistics to work out, including which projects to focus on, in what order, and what are the criteria for making a multi-year funding decision. The Council could adopt principles for multi-year funding as part of its September decision, begin working on a set of aggregated programs for review,

and/or possibly even approve certain projects for multi-year funding on the basis of existing review.

This recommendation is not going to have much impact on the FY1999 funding recommendations. It is possible that the Council will have time to work with project sponsors on one or two aggregations of projects for a multi-year program consideration and complete that review in time for a meaningful multi-year funding recommendation in FY1999. (Note for example that the coded-wire tag program -- one of the programs noted by the ISRP -- is currently under review, as a legacy of the FY98 decisions, to determine the relevance of the Bonneville funding of coded wire tag marking and recovery to the Program. The result of that review may be able to be factored into an FY1999 multi-year funding decision.)

More likely, this recommendation, if followed, would largely call for the Council to begin work with the managers, project sponsors and Bonneville to shape and review these larger programs into a multi-year budget for FY2000 and beyond. This is a task that the Council staff has also recommended to the Council, in a separate memo and discussion at the Council's June meeting in Helena, as a high priority item for staff. Council staff has already been working with CBFWA staff and the managers and project sponsors on describing likely aggregations of projects for possible review. Grouping projects appears to be relatively straightforward. Presenting the grouped projects for scientific review is more of a problem. Staff will discuss this further with the Council.

b. Additional ISRP recommendations for improving the project selection process/reporting of results and adaptive management improvements

The ISRP is concerned about the lack of reporting of project results and accomplishments and how the information gathered every year about the program is used to improve the program. After commending the improvement in the CBFWA draft workplan, the ISRP report added:

"However, there are two troubling omissions: (1) there is little or no mention of accomplishments or progress towards meeting the objectives of the FWP; and 2) there is no mention of how the vast amount of information acquired each year through the FWP is used to improve the program. CBFWA's Annual Implementation Work Plan should report progress towards the FWP's goals and describe how information collected in previous years is being used to improve program implementation. This reporting should cover the program at the watershed and subbasin levels.

"The lack of reporting on accomplishments extends to the project level. Most proposals for continuing work did not sufficiently describe the project's results to date. This deficiency made it difficult for the ISRP to evaluate the productivity of the individual projects. Results, when given, were often in administrative terms rather than as technical descriptions or in terms of the FWP's goals. For example, the results of some habitat projects were reported as the number of structures placed in a stream. The goal of the FWP is not to maximize the number of structures placed in a tributary. The goal is to restore ecosystem health and return fish and wildlife to a part of their historical abundance; results should be presented in those terms. Had we adhered strictly to our

criterion of a demonstration of adequate results, most continuing proposals would have been judged inadequate." ISRP Report, Section V(C)1, p. 90

Based on these considerations, the ISRP made three recommendations for improving this situation in the future: First, concerning the reporting of "past accomplishments" at a watershed and subregional level, the ISRP recommended that the Council "urge CBFWA to include in its Annual Implementation Work Plan a report of past accomplishments at the watershed and subregional/ subbasin levels. The accomplishments should be reported in terms of FWP goals" Second, the "adaptive management" recommendation, the ISRP recommended that "the Council urge CBFWA to include in its Annual Implementation Work Plan a report that demonstrates it is using the information collected to improve program implementation (adaptive management) at the watershed and subregion/subbasin level. This report should include a description of the specific improvements in the program that resulted from information obtained through the program in previous years." Third, concerning the reporting of "results" from specific projects, the ISRP recommended that the Council "communicate to project managers that continuation proposals will not be funded unless there is a technical summarization of past year's results sufficient for peer review."

The issue for the Council is whether it wishes to push for implementation of these recommendations. CBFWA, Council and Bonneville staff are working to address these recommendations, including revising the way project information is solicited and reported to ensure that results are communicated.

c. Other suggestions for improving the project selection process/focusing project solicitation for new work

The Council, CBFWA, Bonneville and others are currently discussing a number of suggestions for improving the project selection process. Some of these suggestions overlap recommendations in the ISRP report, especially the recommendation to shift to a multi-year funding approach. Also under discussion is the idea of beginning the solicitation and review process earlier. The ISRP also complained about the shortness of the review process, although the long-term solution recommended by the ISRP was less to lengthen the process as more to reduce its annual size by making the multi-year commitments. ISRP Report, p. 101. One issue under consideration would expand the review process, by expanding the scope of the ISRP review to include the other parts of the Bonneville fish and wildlife budget (the capital projects and the reimbursable programs). We could manage this change only by reducing the extent of scrutiny of the direct program. Other topics under discussion include re-ordering the process and revising the project selection criteria. These topics are discussed in other memos to the Council on ideas for revising the project selection process.

One issue that the Council is considering is the idea of focusing the solicitation of new projects. The current process solicits project proposals without identifying what new projects are needed to implement gaps or unimplemented areas of the Program. The open call for projects leads to

numerous proposals for duplicative or low priority or non-Program work. However, there is no mechanism in the current process to first identify priorities for new work and then solicit proposals for that work. Last year the Council, in an ad hoc fashion, identified the need for new work in mainstem habitat, mainstem populations, and estuary/nearshore research. The Council recommended Bonneville set aside funds for this work and produce a Request for Proposals to address the identified. The ISRP endorsed the targeted RFP approach and recommended that the Council "continue the practice of developing RFPs targeted to specific problems." ISRP Report, Section V(C)6.1, pp. 98-99.

Staff recommends that the Council consider this approach for FY2000 rather than simply an open solicitation for new projects. We could expand on the approach by working with the managers to develop a statement of priorities for necessary work and then determining, after scientific review, the appropriate mechanisms for soliciting proposals for that work. As noted in the discussion of the "innovative work" issues, the Council could develop a mechanism that offers small amounts of seed money to scope or test promising new ideas. RFPs would be used to initiate identified needs, including follow-up to scoping studies that have demonstrated their worth, and then reviewed with the on-going projects in the project selection process.

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