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March 5, 2003

To: Council Members

From: Doug Marker, Director
Fish and Wildlife Division

Subject: Status report on Bonneville Program funding issues following the Council's February 21, 2003 letter to Administrator Steve Wright

The Council's work to recommend a strategy to contain Bonneville's fish and wildlife spending in Fiscal Year 2003 requested that several issues be resolved immediately. At both the Fish and Wildlife Committee meeting and during the full Council meeting I will provide a status report on staff discussions with Bonneville on these issues.

These issues are:

1. Matching contract obligations with the funds to satisfy them. We have referred to this as the "carry-over" issue but the issue specifically means maintaining a balance of funds to meet contract obligations and not eliminating those funds at the close of the fiscal year.
2. Access to capital funds for land easements and acquisitions. We are discussing this with Bonneville as a matter of federal accounting standards and prior notice in rate cases or with Congress. The issue of the Program's crediting for mitigation of wildlife losses caused by the hydro system is being discussed separately with the Council.
3. The Council expressed concern about the costs and coordination of rapidly expanding research, monitoring and evaluation initiatives to meet Biological Opinion requirements.

We are also working with Bonneville and the Columbia Basin Fish and Wildlife Authority on a way to track actual project accruals against the Council's recommended project spending limits and to reestablish a within-year reallocation process.