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April 2, 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 and preparation for Fiscal Year 2004

This week Administrator Wright responded to the Council's letter of February 21 which provided recommendations to limit Bonneville's program spending in Fiscal Year 2003 and identified financial policy issues for resolution. At the April meeting I will brief both the Fish and Wildlife Committee and the full Council on the status of these issues.

In general we are making good progress on resolving the financial management issues and I am hopeful that the stability of project funding can be restored for Fiscal Year 2004. However, the Administrator renewed his request that the Council recommend a lower program budget for FY 2004 by July 15.

### **Capitalization of land acquisitions**

The Council's capitalization committee met on March 27 and heard from Bonneville's financial staff on their requirements for capitalizing land acquisitions. As Bonneville staff have consistently maintained, the agency will insist that the wildlife crediting issue be resolved in order to capitalize land acquisitions for wildlife. We had hoped to make the wildlife crediting issue a separate discussion from the specific financial principles governing Bonneville's ability to capitalize land acquisitions. Bonneville will not separate those issues. Therefore, I am recommending that the wildlife crediting committee determine how to respond to Bonneville's position.

### **"Carry-over" of project contract balances**

I'm optimistic about the principles described in the Administrator's letter for project-by-project treatment of contract balances. We still need to work with Bonneville on the specific details. In general, we are working on principles to allow the Council planning to remain on budget basis and work with Bonneville to estimate likely accruals.

These principles are consistent with our efforts of several years to improve project management. We have not, however, arrived at a resolution to guide 2004 and for managing delayed capital projects.

### **Managing 2003 project funding**

Separately, we have an agenda item to address the most immediate requirements to revise the Council's FY 2003 recommendations for project spending limits. These will respond in part to the phased implementation of remaining projects outlined in the Administrator's letter. What remains is to estimate where project budgets for FY 2004 stand in light of the adjustments that were made in FY 2003 budgets.

### **Fiscal Year 2004**

We are working to identify a process to review project budgets for Fiscal Year 2004 consistent with the Council's existing recommendations. Because we are working with three-year project recommendations, we are looking at the existing 2004 project recommendations and how they might be affected by the deferrals of planned work caused by our recommendations for spending limits in 2003. To be clear, we are undertaking this exercise to assess the impacts that flow out of the FY 2003 adjustments, not to change the existing Council recommendations for FY 2004 in any way.