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Idaho

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Idaho

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Oregon

Melinda S. Eden
Oregon

NORTHWEST POWER PLANNING COUNCIL

851 S.W. SIXTH AVENUE, SUITE 1100
PORTLAND, OREGON 97204-1348

TOM KARIER
VICE-CHAIR
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

Ed Bartlett
Montana

John Hines
Montana

Fax:

503-820-2370

Phone:

503-222-5161
1-800-452-5161

Internet:

www.nwccouncil.org

July 9, 2003

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch

SUBJECT: Funding Request - Project #1996-011-00, "Walla Walla River Juvenile and Adult Fish Passage Improvements"

Action

The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) have requested additional funds to complete construction of the Milton Ditch consolidation project in the Walla Walla River Basin (see Attachments 1). The proposed fish passage improvement project is the next-in-line priority for implementation in the Walla Walla River. The sponsor is requesting that \$1,646,800 in FY 2003 capital funds for the construction of the Milton Ditch consolidation be approved at your meeting in Kah-Nee-Ta.

Recommendation

Council staff recommends that the Council recommend to Bonneville that it authorize up to \$1,646,800 from the Fiscal Year 2003 capital funds to complete the construction of the Milton Ditch consolidation project.

Background

The project began in Fiscal Year (FY) 1996 as two separate projects, *Adult Passage Improvements in the Walla Walla River* (Project 1996-012-00) and *Walla Walla River Juvenile Screens and Traps* (Project 1996-011-00). The two projects were combined under project 199601100 in FY 2000 and renamed *Walla Walla River Juvenile and Adult Passage Improvements*. Project costs have totaled \$6,400,000 through FY 2001, with an average annual cost of \$1,066,667.

Since 1996, this project has funded the removal of Marie Dorian Dam and Maiden Dam, the construction of Burlingame Dam fish ladder, a steep pass at Cemetery Bridge, a new ladder and adult trap at Nursery Bridge Dam, and the consolidation and screens for Garden City/Lowden II ditches. In addition, the project has funded construction of new juvenile fish screens at Burlingame Dam; new screens, a bypass, and juvenile trap at Little Walla Walla Diversion; and has provided cost share funding for two smaller fish screening projects. The project produced a feasibility study of additional passage needs in the basin and has funded the design of adult passage improvements at Hofer Dam, juvenile screens for Eastside/Westside Ditch, and the consolidation of Milton Ditch with Little Walla Walla River. The project also provides funding for the operation and maintenance of these BPA facilities once constructed.

The project has also had a history of construction delays, cost overruns, and large unspent balances carried forward with the project from year to year. The project budget and its unspent portions have never been fully accounted for or explained as the project has progressed. Priorities for passage improvements have appeared to change over the lifespan of the project, without a full explanation for the reason for the change.

For the Columbia Plateau Provincial Review, concluded in November 2001, the CTUIR proposed, as part of this project, to complete the remaining major fish passage improvements. They requested \$6.356 million over the three-year period (FY 2002-2004). Starting in Fiscal Year 2005, the proposed budget would be reduced to \$385,000 per year to cover Operations and Maintenance and Monitoring and Evaluation of all completed facilities and to maintain a small construction cost sharing ability of \$100,000 to address smaller passage projects.

The Independent Scientific Review Panel provided a “fundable” recommendation for the project reasoning that it would provide safe passage for migrating juvenile and adult salmonids in the Walla Walla Basin through construction and maintenance of passage facilities at irrigation diversion dams and canals. Bonneville Power Administration, in comments to the Council, considered the overall project to be a very expensive undertaking that was not linked to the stream flows in the subbasin and recommended that the effort be defined and presented through the subbasin planning process for the Walla Walla.

On November 8, 2001 the Council recommended to the Bonneville Power Administration that continuing implementation of the project should be addressed as part of the subbasin planning effort and funds should be provided to address anticipated cost share needs of the Corps of Engineers, Operation and Maintenance, Monitoring and Evaluation (Fiscal Year 2002 Section 5, objective 1 task f; Section 6, objective 1 task g, and Section 7, objective 1 task h) for a total of \$465,300 in FY02, \$481,120 in FY03 and \$497,478 in FY04.

On November 15, 2001 staff met with the CTUIR after the CTUIR submitted a request to restore the entire proposed funding allocation from the Columbia Plateau for the project, largely to complete the Milton Ditch consolidation. Staff identified several options for pursuing the completion of the project including the use of the large amount of carry forward funds.

On July 3, 2002, Columbia Basin Fish and Wildlife Authority (CBFWA) received a request from the CTUIR for a within-year budget modification request for the Walla Walla

Juvenile and Adult Fish Passage Improvements Project 1996-011-00 be added to the agenda for the quarterly budget review meeting on July 10, 2002. In addition, the tribe requested that the proposal be reviewed through the CBFWA process with recommendations provided to the Council. The CTUIR requested the following:

- 1) Expand the approved scope of the FY2002 project to include continued construction of large passage projects that are ready for implementation.
- 2) Increase project budget levels by \$1,177,585 and \$1,137,022 in FY 2003 and 2004 respectively.

CBFWA action on this request was delayed, as has been the case with other within year reallocations request, due to the current lack of certainty regarding the allocation of the FY 2002 uncommitted funds. CBFWA has not been recommending within year reallocations pending a more definite understanding of what amounts remain in the Bonneville unallocated placeholder.

By early August 2002, due to the delay in receiving a CBFWA recommendation, the sponsor requested an emergency action from the Council to modify the scope of their project to purchase capital construction materials with carry forward funds, so that cost share opportunities could be pursued until a funding packet could be addressed.

At its August 2002 meeting, the Council took a favorable action on this request for a scope modification for the project to purchase pre-construction materials for the Milton Ditch consolidation project. The Council recognized the broad public support for the Milton Ditch screening, and the biological benefits of eliminating a gravel push-up dams, but emphasized that project sponsors must seek cost share opportunities before the Council would proceed with any further consideration of funding the construction activities associated with Milton Ditch.

In November 2002, Gary James, Fish Program Manager for the CTUIR, appeared before the Fish and Wildlife Committee to update them on the status of Milton Ditch. Mr James made a request, at that time, for the Council to approve funding the project from Bonneville's unallocated placeholder, prior to a favorable recommendation from the Columbia Basin Fish and Wildlife Authority. Gary cited the need to proceed with Milton Ditch consolidation during the dewatered period and cited the need for Council approval to commence contracting to enable construction to take place.

At the time of his presentation, Mr James stated that he had in-kind contributions from the irrigation districts associated with the project of \$36,779 and a request pending, but not yet approved, with the Oregon Watershed Enhancement Board for \$208,000. The Tribe sought \$795,354 in Fish and Wildlife Program Fiscal Year 2003 funds to complete the Milton Ditch project. They had identified available funding in their existing contract of \$734,415 for use in the project, for a total cost (including cost share) of \$1,774,548.

On November 25, 2002 Council staff received an additional request from the CTUIR for \$764,700 additional within year funding to allow for completion of construction of the Milton Ditch consolidation project. On December 11, 2002 the Fish and Wildlife Committee

recommended that no action be taken on this request at this time. This decision was presented to the Council on December 12, 2002 with no additional discussion.

On July 3, 2003 the Council received a within year budget modification from CTUIR to complete the construction of the Milton Ditch consolidation project. Cost estimates for construction of the Milton Ditch consolidation project is \$1,646,800. The Walla Walla Basin Watershed Council has identified approximately \$375,000 in cost shares for this project. In addition, the Walla Walla Irrigation District will address O&M costs for the project.

Analysis

At the Council's May meeting in Walla Walla, staff had the opportunity to meet with the CTUIR as project sponsors and other parties interested in the Milton Ditch Consolidation, including the Walla Walla Basin Watershed Council and the Walla Walla River Irrigation District. Staff was impressed by the local level of commitment to the project and the fact that all parties agreed that Milton Ditch passage was the priority passage area for the Walla Walla subbasin.

The Walla Walla Watershed Council is attempting to secure cost shares from several sources. Council had conditioned previous commitments to this project on the attempts to secure cost shares. Several of these cost share sources, OWEB, Oregon Water Trust, NRCS may also condition provision of funds on the securing of Fish and Wildlife Program funding. Thus, a favorable Council recommendation may secure these cost shares, which will be used to reduce the Bonneville share of the project. (see Attachment 1)

What further separates the project from other passage projects in the Walla Walla is the commitment of the Walla Walla Irrigation District to provide 20 years of operations and maintenance funding for facility operations.

It is anticipated that the project construction can be initiated by this September and that FY 2003 capital funds will be used to complete the project. Environmental review has been addressed under the previous programmatic coverage for the previous passage projects implemented under this program.

Based upon the local commitment to the priority of the project, the efforts to secure cost shares to reduce the Bonneville proportion of the project and the ability to utilize capital funds for FY03, staff recommends that the Council support the Milton Ditch consolidation.

Attachment 1: Letter received from the Confederated Tribes of the Umatilla Indian Reservation on July 3, 2003 requesting funds for the Milton Ditch consolidation project.



C O N F E D E R A T E D T R I B E S
of the
Umatilla Indian Reservation
P.O. Box 638
Pendleton, Oregon 97801
Fisheries (541) 276-4109 – Fax 276-4348
Wildlife (541) 278-5298 – Fax 966-2397

July 2, 2003

Ms. Judi Danielson, Chairperson
Northwest Power Planning Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204-1348

RE: Within Year Budget Request, Walla Walla Juvenile and Adult Fish Passage Improvements, Project Number 1996-011-00

Dear Ms. Danielson:

The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) is requesting Council approval of a within year budget modification to complete construction of the Milton Ditch consolidation project in the Walla Walla River Basin. We request that FY2003 capital funds be used for this purpose.

Background: The Milton Ditch consolidation project is one component under the Walla Walla Juvenile and Adult Fish Passage project (number 1996-011-00). Several fish ladders and screens have been completed under this project. Remaining components (which included the Milton project) were proposed for funding in the FY 2002-2004 provincial review process. During this process, implementation of the remaining projects was supported by CBFWA and ISRP but the Council did not approve new construction due to perceived funding shortages. It was recommended that CTUIR seek necessary construction funding through within year reallocation or modification processes.

The CTUIR has identified the Milton project as next-in-line in priority for implementation. In August of 2002, the Council approved a within-year project scope modification to allow for purchase of the pre-construction materials required for the Milton project. Although money was available, BPA did not purchase the materials in FY2002 but they are now doing it with available FY2003 funds. Additional funding for construction is not available in the FY2003 BPA project budget, therefore CTUIR is requesting the subject within year modification.

Project Benefits: The Milton Ditch consolidation project is a key component in an overall Walla Walla Basin fisheries restoration program which will benefit ESA listed steelhead and bull trout. The project proposes to move the current point of diversion about two miles downstream to the Little Walla Walla River diversion where a newly completed fish screen exists. Specific benefits of this proposed action include:

eliminate existing temporary Milton screen, eliminate annual bulldozing in stream to create diversion, eliminate diversion of a steelhead bearing stream into a ditch, keep about 10cfs of stream flows in critical two-mile stream reach, and conserve about 3-5 cfs to remain instream and help achieve requirements of ESA-driven civil penalty agreement between irrigators and the federal government.

Project costs: Current estimate for construction of the Milton Ditch consolidation project is \$1,646,800. A breakdown of general project construction costs is attached. Cost shares of up to \$375,000 have also been identified thanks to the hard work of the Walla Walla Basin Watershed Council. The status of these cost shares is pending and later approval would result in a reduction from the BPA funding requirement. A project cost share for 20 years of O&M has been secured through the Walla Walla River Irrigation District (see attachment).

Project schedule: With funding approval, project construction is anticipated to begin in September 2003 with completion by February 2004. Project NEPA requirements have been addressed under programmatic Walla Walla coverage utilized for previous passage projects.

Project support: Widespread support includes Tribes, Oregon and Washington, US Fish and Wildlife Service, NOAA Fisheries, NPPC scientific review panel (ISRP), Columbia Basin Fish and Wildlife Authority, local irrigators, WW Watershed Council, sportsmen, and numerous public elected officials.

The CTUIR is asking the Council to approve the requested funding to enable the Milton project to be completed. This would complement a multitude of other ongoing efforts aimed at restoration of fisheries resources in the Walla Walla River Basin. We understand that capital funding is currently available due to FY2003 spending projections again falling below target program levels. Thank you for your consideration of this matter.

Sincerely,

Gary A. James
CTUIR Fisheries Program Manager

cc: D. Marker, M. Fritsch, K. Weist, NPPC
B. Austin, B. Zelinsky, BPA
R. Brown, B. Stevenson, WWRID
J. Zerba, WWBWC
T. Bailey, ODFW
M. Eames, USFWS
L. Swenson, NMFS
CTUIR Fish and Wildlife Committee

**WALLA WALLA JUVENILE AND ADULT FISH PASSAGE IMPROVEMENTS Project
#19901100**

COST SHARES FOR MILTON PROJECT CONSTRUCTION AND O&M

Funding Source	Explanation	Amount
BPA	Available in existing FY2003 budget for purchase of pre-construction materials	\$160,000 ^{1/}
BPA	Within year request for additional FY2003 funding	\$1,726,800
Various Construction Cost Shares	Approval pending (approval would result in reduction of BPA share): <ul style="list-style-type: none"> - \$75,000 ODFW Fish Screening Program - \$100,000 OWEB for piping costs - \$100,000 WW Alliance through NRCS - \$50,000-100,000 Oregon Water Trust 	\$375,000
WW River Irrigation District O&M Cost Share	In-kind cost shares: <ul style="list-style-type: none"> -change in point of diversion water rights mapping -O&M : 20 years facility operations & electrical and water use measurements -property and easement contribution value 	\$150,000

1/ Latest estimate based on discussion with BPA project COTR on 7-2-03

MILTON CONSTRUCTION COST BREAKDOWN (of BPA requested funding)^{1/}

Construction Component	Amount
Pump station	\$576,700
Pipeline	\$657,800
Bonds and Insurance	\$ 23,300
Construction contingency (15%)	\$180,000
Construction management	\$190,000
Construction management contingency (10%)	\$ 19,000
PROJECT TOTAL	\$1,646,800

1/ Latest estimate based on information from project engineer on 6-30-03