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August 4, 2003

To: Council Members

From: Doug Marker, Director
Fish and Wildlife Division

Subject: Discussion of scope and objectives of a new long-term fish funding agreement

At next week's meeting, John Ogan and I will discuss more specific issues about the Council's goals for a new fish and wildlife funding agreement for the Bonneville Power Administration.

At the July meeting Council members gave us general consent to enter into discussions about a new long-term agreement with regional parties. No formal discussions have yet occurred. In the meantime, however, our staff have met with Bonneville and CBFWA staff to develop short term budget management protocols which we will present at this Council meeting for review. If implemented, these protocols may address the funding stability needs identified in the June 5 Governors' recommendations.

A new long-term funding agreement should cover a broader set of planning and management issues. I am attaching an outline of such issues I circulated among Council members in June. Dr. Karier identified several additional issues he would like to see included, and I'll discuss those at the Council meeting.

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DRAFT - Potential Scope of New Long Term Fish and Wildlife Funding Agreement

Funding

- Current rate period - revised annual expense budget to accommodate updated definitions of Bi-Op requirements and existing Council provincial recommendations with per-project extensions through subbasin plan implementation.
- 2006 rate case - annual expense and capital average sized to implement subbasin plans and any additional systemwide Biological Opinion requirements - complete an estimation of achievable scope of effort above a base of operating and maintaining past investment and ongoing monitoring.
- Confine agreement to currently defined “direct” program and not the reimbursable programs of the Corps, Bureau of Reclamation and Bonneville.

Stability

- Specific assurances for managing to an average annual budget with the ability to reserve funds for use in future years.
- Balancing mechanism for Biological Opinion requirements with Program obligations
- Documenting contract obligations and maintaining regular accounting of current liabilities for outstanding contracts.
- Clear definition of capital elements of projects

Management

- Incorporate current procedures for project selection including independent scientific review, public notice and comment, explicit Council finding consistent with 1996 amendment to the Power Act.
- Explicit process in advance of project funding recommendations for Bonneville policy concerns.
- Explicit referral of major policy issues to Program amendment process
- Standards for project management and contract administration
- Standards for implementation reporting (i.e. specific performance against approved scopes of work and schedules)

Accounting

- Defined quarterly reporting requirements
- Standards for tracking of actual project costs against budgets, including level of detail
- Protocols for transfers of funds