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**To:** Fish and Wildlife Committee Members

**From:** Doug Marker, Director  
Fish and Wildlife Division

**Subject:** Developing a capital plan for Fish and Wildlife Program implementation

At the Committee meeting we will discuss with you the status of developing a capital project plan and budget management protocols for capital funds used by Bonneville to implement the Fish and Wildlife Program.

### **Forecasting capital project funding and qualifying for access to capital funds**

Mark Fritsch organized a projection of potential capital costs by project and by the status of Council approval of those projects. Bonneville staff has reviewed this list to determine the qualification of those projects for financing as capital projects. The major outstanding issue is Bonneville's ability to capitalize land acquisition or easements that are primarily intended to protect fish habitat. Bonneville is seeking a basis for crediting such acquisitions to its mitigation obligations in order to use capital funding for those projects. Bonneville will capitalize wildlife acquisitions under a 1:1 crediting accounting.

There continue to be new determinations by Bonneville's Corporate Finance staff that other projects don't qualify for capital funding despite assurances in the course of our budget development that they could. We have asked to meet with the Corporate Finance staff to review these determinations.

### **Developing capital budgeting protocols**

Last September we arrived at protocols for managing the expense part of the budget through the remainder of the current rate case. These protocols included the concept of "rescheduling" unused project budgets from year to year if approved work is delayed. In a similar approach we are discussing similar protocols for capital budgets. We have not arrived at a proposal for Council review but the issues include:

- Competition for fish and wildlife capital funds with other Bonneville capital requirements in a given fiscal year.
- The ability to “reschedule” capital funds from year to year in a similar manner as is used for expense projects.
- The confirmation, in advance, by Bonneville Corporate Finance staff that proposed projects qualify to use capital funds.
- How to manage for the effects of delays in project implementation schedules.

We’ll review these issues and more detail on the status of our discussions at the Fish and Wildlife Committee meeting.

Attachment:

Current Council staff capital project summary

Capital Plan  
(NWPCC draft version 11/10/03)

ProjectID	Title	Sponsor	090703 NWPCC staff recommended 04	090703 NWPCC staff recommended 05	090703 NWPCC staff recommended 06	082703 NWPCC staff Category	Capital Category NWPCC 090303	BPA Comments 102203	NWPCC staff comments 111003 and 112603
25001	Acquire Sharp-tailed Grouse Habitat at the Swanson Lakes Wildlife Area	WDFW	\$237,000	\$0	\$0	Realignment	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Capitalize in combination with other projects	
28018	Lower Salmon River Tributary Protection and Enhancement	IDFG	\$90,000	\$339,000	\$0	Realignment/r eschedule	Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
1983-350-00	Nez Perce Tribal Hatchery	NPT	\$0	\$0	\$0				Step 1 for the coho element funded per 110100 Council decision. Currently no certainty
1988-053-01	Northeast Oregon Hatchery Master Plan	NPT	\$393,000 and \$2,355,000	\$12,735,000	\$12,570,000	OT	Major Project, Step Two - AP	<b>Project Approved for Capitalization.</b>	Adjusted to reflect a Council dec. in May '04 to proceed to final design. MAF \$393k for ongoing effort, other conditional on final design recommendation. Step 1 for coho and steelhead funded per 092000 Council decision. Currently no certainty
1988-053-05	Northeast Oregon Hatcheries Planning (ODFW)	ODFW	\$69,000	\$69,000	\$69,000	OT	Major Project, Step Two - AP	<b>Project Approved for Capitalization.</b>	04 to reflect outcome as defined under project #1988-053-01
1988-053-07	Hood River Production Program: Powerdale, Parkdale, Oak Springs O&M (88-053-07 & 88-053-08)	CTWSRO/ODFW	\$350,000	\$2,515,250	\$0		Major Project, Step One - AP	<b>Project Approved for Capitalization.</b>	
1988-064-00	Kootenai River White Sturgeon Studies and Conservation Aquaculture	KTOI	\$0	\$1,604,000	\$0		Major Project, Step One - AP	<b>Project Approved for Capitalization.</b>	

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1988-115-25	Yakima/Klickitat Fisheries Project (YKFP) Design and Construction	YN	\$1,258,000	\$20,508,000	\$10,500,000		Major Project, Step One - AP	<b>Project Approved for Capitalization.</b>	Certainty is need regardingthe anticipated master plans (info. from proposal). 111003 request identified \$290,00 for a construction requirement for Tillman Creek wetland mitigation for adverse impact to groundwater pumping and continuing well field
1991-01903	Hungry Horse Mitigation	MFWP	\$0	\$0	\$0				Step 1 for the Sekokini Springs element. Currently no certainty.
1991-062-00	Spokane Tribe of Indians Wildlife Mitigation Project	STOI	\$2,000,000	\$3,000,000	\$0	Realignment	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Good to go pending successful wildlife crediting	
1991-075-00	Yakima Phase II Screens - Construction*	BOR	\$300,000	\$400,000	\$500,000	Reschedule	Continuing Program	<b>Project Approved for Capitalization.</b>	
1992-059-00	Amazon Basin/Eugene Wetlands Phase Two	TNC	\$450,360	\$0	\$0	Reschedule	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Good to go pending successful wildlife crediting	This issue needs and should have been resolved some time ago. Policy attnetion is needed. Seems to not meet capital criteria (PSR followup 112503)
1992-061-00	Albeni Falls Wildlife Mitigation Project	IDFG	\$5,583,705	\$5,766,516	\$5,990,953	Realignment	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Good to go pending successful wildlife crediting	
1992-068-00	Implement Willamette Basin Mitigation Program	ODFW	\$700,000	\$350,000	\$0	Realignment	Land	<b>Project with Low Likelyhood of Successful Capitalization.</b> Good to go pending successful wildlife crediting	

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1993-066-00	Oregon Fish Screening Project	ODFW	\$701,117	\$701,117	\$701,117	OT	Continuing Program	<b>Project Approved for Capitalization.</b>	
1994-015-00	Idaho Fish Screen Improvement	IDFG/IOSC	\$1,000,000	\$1,000,000	\$1,000,000	OT	Continuing Program	<b>Project Approved for Capitalization.</b>	
1995-067-00	Colville Tribes Performance Contract for Continuing Acquisition	CCT	\$4,500,000	\$0	\$0	Reschedule	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Good to go pending successful wildlife crediting	
1995-068-00	Klickitat Passage and Improvement project	YN	\$844,350	\$4,784,650	\$0		Major Project, Step One - AP	<b>Project Approved for Capitalization.</b>	
1996-011-00	Walla Walla River Juvenile and Adult Passage Improvements	CTUIR	\$1,646,800	\$0	\$0	SC for 05	Continuing Program	<b>Project Approved for Capitalization.</b>	
1996-040-00	Evaluate The Feasibility And Risks Of Coho Reintroduction In Mid-Columbia	YN	\$2,213,597	\$2,288,859	\$2,288,859	OT	Major Project, Step Two - AP	<b>Project Approved for Capitalization.</b> Capitalizing planning for future investment	
1996-042-00	Restore and Enhance Anadromous Fish Populations and Habitat in Salmon Creek	CCT	\$378,257	\$391,117	\$391,117	Decision pending	Major Project, Step One - Habitat	<b>Project Approved for Capitalization.</b>	
1997-051-00	Yakama Nation Yakima/Klickitat Fisheries Project (YKFP) Yakima Side Channels	YN	\$1,753,704	\$0	\$0	Realignment	Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
1998-018-00	John Day Watershed Restoration	CTWSRO	\$660,616	\$477,966	\$477,966	Reschedule	Continuing Program	<b>Project Approved for Capitalization.</b>	
1998-034-00	Yakama Nation Yakima/Klickitat Fisheries Project (YKFP) Reestablish Safe Access into Tributaries of the Yakima Subbasin	YN	\$237,820	\$0	\$0	SC in 05	Continuing Program	<b>Project Approved for Capitalization.</b>	

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2000-023-00	Securing Wildlife Mitigation Sites - Oregon, Horn Butte (Philippi Property)	ODFW	\$0	\$0	\$0		Land	<b>Land Project with Crediting Issues.</b> Not approved by BPA	
2000-038-00	Design and Construct Walla Walla Hatchery	CTUIR	\$177,000	\$406,000	\$4,200,000	Reschedule	Major Project, Step One - AP	<b>Project Approved for Capitalization.</b>	
2001-033-00	Implement Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed.	CDA Tribe	\$1,855,000	\$2,090,000	\$1,490,500		Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
2002-003-00	Secure and Restore Critical Fish and Wildlife Habitats	CSKT	\$12,396,482	\$0	\$0	Realignment	Land	<b>Land Project with Crediting Issues.</b> BPA decision letter for \$2.5M only. There are still unresolved mitigation issues for this project	
2002-022-00	YKFP Big Creek Passage & Screening	WDFW	\$180,000	\$0	\$0	Realignment	Continuing Program	<b>Project Approved for Capitalization.</b> Can be capitalized as part of the overall Yakima Screening effort	
2002-023-00	Yakima-Klickitat Fisheries Project - Wilson Creek Snowden Parcel Acquisition	YKFP/WDFW	\$206,580	\$0	\$0	Realignment	Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	

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2002-025-01	Yakima Tributary Access and Habitat Program (YTAHP)	KCWP	\$750,000	\$750,000	\$0	OT	Land	<b>Project Approved for Capitalization.</b> Passage and Screening portions good to go, Fish habitat dependant on fish credits - not likely this year.	need breakout off approved elements
2002-042-00	Riparian Habitat Preservation - Weaver Slough and McWinegar Slough	FLT	\$1,020,000	\$0	\$0		Land	<b>Project Approved for Capitalization.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
2002-044-00	Purchase Conservation Easement from Plum Creek Timber Company (PCT) along Fisher River	MFWP	\$1,500,000	\$0	\$0	Realignment	Land	<b>Project Approved for Capitalization.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
2002-045-00	Wetland/Riparian Protection, Restoration, Enhancement and Maintenance in the Coeur d'Alene Subbasin	CDA Tribe	\$6,000,000	\$6,000,000	\$0	Realignment	Land	<b>Capitalization dependant on crediting for Fish habitat.</b> Not likely to occur in FY 04 (\$2,500,000 may be more likely do able)	
2002-057-00	Westland-Ramos Fish Passage and Habitat Restoration Pilot Project	WID	\$203,000	\$0	\$0	Realignment	Continuing Program	<b>Project Approved for Capitalization.</b>	

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2003-001-00	Yakima-Klickitat Fisheries Project - Manastash Creek Fish Passage and Screening	YKFP/WDFW	\$250,000	\$750,000	\$0	Realignment	Land? - No, fish passage screening	<b>Project Approved for Capitalization.</b>	
2003-018-00	Nez Perce Salmon River Terrestrial	NPT	\$90,000	\$432,000	\$0	Realignment/r eschedule	Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
2003-020-00	Hanan-Detwiler Passage Improvements	WDFW/YSS	\$85,000	\$0	\$0	Realignment	Continuing Program	<b>Project with Low Likelihood of Successful Capitalization.</b> Not large enough to capitalize - questionable whether this could be combined with other projects to meet threshold	Seems to not meet capital criteria (PSR followup 112503)
2003-021-00	Comprehensive Inventory and Prioritization of Fish Passage and Screening Problems in the Wenatchee and Entiat Subbasins	WDFW/YSS	\$277,436	\$277,436	\$277,436	Realignment	Continuing Program	<b>Project Approved for Capitalization.</b> Phase 3: Capitalize as planning and survey work for screening projects along these rivers.	
2003-023-00	OK-11 Develop And Propagate Local Okanogan River Summer/Fall Chinook	CCT	\$150,000	\$325,000	\$2,400,000	Decision pending, realignment	Major Project, Step One - AP	<b>Project Approved for Capitalization.</b> Capitalizing planning for future hatchery	
2003-030-00	Lower Clearwater Habitat Enhancement Project	NPT	\$712,500	\$762,500	\$0	Realignment/r eschedule	Land	<b>Land Project with Crediting Issues.</b> Capitalization dependant on crediting for Fish habitat. Not likely to occur in FY 04	
2003-031-00	Precious Lands Wildlife Habitat Expansion	NPT	\$0	\$0	\$0	BPA NO, L	Land	<b>Land Project with Crediting Issues.</b> No wildlife credits available	



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1983-319-00	New Marking and Monitoring Techniques for Fish	NMFS	\$836,100	\$836,100	\$508,600	NA	Continuing Program	<b>Project with Low Likelihood of Successful Capitalization.</b> Not capital	
1995-057-**	Southern Idaho Wildlife Mitigation - Upper Snake	0	\$3,700,000	\$0	\$0	L	Land	<b>Land Project with some Likelihood of Resolving Crediting Issues.</b> Good to go pending successful wildlife crediting	
1996-034-01	Methow Valley Irrigation District Rehabilitation Project	MVID	\$957,583	\$0	\$0		Major Project		8/13/03 the Council recommended that Bonneville fund the construction of the fish screens not to exceed \$957,583 with FY 2003 capital funds.
2001-003-00	ISO Adult PIT Interrogation System Installations	PSMFC	\$1,972,106	\$1,660,200	\$665,000	NA	Continuing Program	<b>Project with Low Likelihood of Successful Capitalization.</b> Not capital	
2001-046-00	Collaborative Center for Applied Fish Science	CRITFC	\$1,090,425	\$600,000	\$0		Major Project		05/15/02 the Council recommended that Bonneville fund, at the amount of \$1,690,425, to construct the Collaborative Center for Applied Fish Science and the purchase of the appropriate equipment for the facility.
	Development Phase								

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	Final		\$13,124,993	\$6,645,378	\$5,245,378				
	Intermediate		\$21,681,713	\$9,366,516	\$5,990,953				
	Preliminary/Conceptual		\$177,000	\$30,615,752	\$30,130,117				
	Undefined		\$27,147,832	\$12,469,800	\$2,664,300				
	Total		\$62,131,538	\$59,097,446	\$44,030,748				