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May 4, 2004

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch

SUBJECT: Recommendations on specific project funding and implementation issues

Action

Council staff will present three requests for within-year budget revisions that were reviewed at the April Program Status Review of the Fiscal Year 2004 project implementation budget. One request is for a change in project scope not requiring additional funds and two requests for additional capital funds related to the Yakima-Klickitat Fisheries Program. At your meetings on May 11 - 13, 2004 Council staff will provide recommendations addressing these requests. The specific project requests are:

- Yakima Habitat Improvement Project, Project #2002-038-00: City of Yakima is seeking approval to amend the scope of the project using its existing budget. The proposal change is to move from a land acquisition emphasis to a habitat restoration in the urban growth area of the City of Yakima using the currently approved project budget.
- Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Bonneville is seeking approval for a well field mitigation and monitoring plan at the Cle Elum Supplementation and Research Facility in Cle Elum, Washington for \$290,000 in Fiscal Year 2004, 2005 and 2006 (see attachment 1).
- Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Yakama Nation is seeking approval to construct an Office/Research facility at Nelson Springs in Yakima, Washington for \$1,265,168.

The Program remains in an extremely constrained budget environment and in order to consider these requests for FY 2004 funding, these requests, if approved by the Committee, may need to be reviewed by the full Council in Walla Walla.

Recommendation

1. Yakima Habitat Improvement Project, Project #2002-038-00. Council staff does not recommend that this scope change be approved and that the contract not be renewed for Fiscal Year 2004. The staff suggests that the proposed scope of work be reviewed once the Yakima subbasin plan is completed. The work that has been completed is a Master Plan for habitat protection in the urban growth area of the City of Yakima should be incorporated and prioritized in the Yakima subbasin.

2. Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Mitigation. Due to the documented impacts and the State requirements to mitigate for these impacts the Council staff concurs with Bonneville's urgent action request and recommends that the Council supports this request and that the funding of this plan be initiated from the current capital budget for this project, Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25 for the objectives as defined by the WDOE not to exceed \$290,000 for FY 2004 - 2006.

3. Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Nelson Springs. Council staff does not support this request and feels that the intentions of this site are not clearly defined and seems to be justified on the basis of yet to be approved master plans regarding coho, fall chinook and steelhead. In addition, a determination is needed as to the appropriateness of constructing a program support facility of this size with Bonneville funds.

Background and Analysis

1. *Yakima Habitat Improvement Project, Project #2002-038-00: City of Yakima is seeking a no budget increase addressing a scope change to initiate habitat restoration in the urban group boundary of the City of Yakima*

Background

The primary goal of this project was to acquire lands for the restoration and protection of aquatic/terrestrial habitat, improvements of water quality, and reconnection of the flood plain to establish functioning riparian zones within an urban environment. The project focuses on the habitat within the Yakima Urban Growth Area including the Yakima River with emphasis on the tributaries in this area.

The project was a new start as part of the solicitation associated with the Columbia Plateau Province. The project was originally entitled *Protect Normative Structure and Function of Critical Aquatic and Terrestrial Habitat in the Yakima UGA*, and was

approved for funding at a reduced level to accomplish initial planning and assessment (Yakima Issue 1).

On April 22, 2003 the Council received a Master Plan entitled *Yakima Habitat Improvement Project Master Plan* intended to address the issues and concerns raised during the provincial review and address the conditioned that was placed on the project.

The Master Plan contained the following sections.

- Summary of ongoing and completed fish and wildlife projects within the Yakima Urban Growth Area
- A detailed description of the project coordination, include details on the Technical Working Group that was formed to assist in the development of the master plan
- A detailed approach to acquiring parcels and the description of the criteria and parcel prioritization used to define this approach
- An extensive listing of recommended acquisition projects
- A strategy for acquisition and long term management of the lands
- A monitoring and evaluation plan to document anticipated benefits to fish and wildlife.

As part of the provincial decision the Council approved \$349,000 for each Fiscal Year 2002 through 2004. At the time of the Master Plan review (i.e. Fiscal Year 2003) the City of Yakima felt that the amount approved (\$349,000) would maintain project coordination, establish a Site Steward Position, increase the information and knowledge of the public, continued coordination with the TWG, and maintain the project's website (Objectives 1,2 and 4) with the intent of seeking Bonneville and other funding for land acquisitions.

The Council's provincial review decision approved funding for the master plan but deferred approval of the acquisition (Objective 3) and monitoring elements of the proposal.

The master plan was completed and on May 7, 2003 the Council recommended to Bonneville that the conditions placed on this project were addressed and that this project can proceed to be implemented as defined and with the funds established during the provincial review (\$349,000/year through FY 2004). The Council conditioned this approval stating that additional funds, if needed, will need to be sought through future sponsor requests in subsequent Council project funding processes.

On February 24, 2004 the City of Yakima submitted a rescheduling request seeking approval to amend the scope of the project using its existing budget to initiate habitat restoration in the urban growth area of the City of Yakima for the remainder of Fiscal Year 2003 (current contract expires on June 30, 2004). The City believes that planning for land acquisitions may not be productive given the current circumstances. The City seeks instead to refocus a new task addressing habitat restoration to protect and restore habitat within the Yakima urban growth area.

Analysis

The Fiscal Year 2003 request addressed a scope change using the existing budget, so that the sponsors can initiate restoration activities. The sponsor proposes that the current budget (for the remainder of the Fiscal Year 2003 contract) associated with the task titled “Habitat Plans” (\$46,744) be eliminated and that a new task titled “Habitat Restoration” (\$36,744) be created. In addition the remaining funds (\$10,000) from the elimination task would supplement an existing task titled “Secure Additional Funds”. Due to the current issues surrounding the land acquisition in the basin the sponsor was at a point that a scope change was necessary to provide activities during the interim, until land acquisition can occur.

On April 5, 2004 Council staff (State and Central) met with the City of Yakima and Golder Associates (i.e. Consultant) to review the project and discuss the request of the scope change.

Upon review of the request Council staff needed additional information regarding the current level of personnel costs, in context to the change in scope, as identified in the current SOW and budget (i.e. budget period of July 1, 2003 to June 30, 2004 identified personnel costs of 3,120 hours at \$253,775) for the project¹. That level of effort was probably appropriate for the transition from the development of the master plan (approved by the Council in May 2003) and acknowledged in the City’s letter dated April 22, 2003, but does not seem to demonstrate the intent of the scope change to address habitat restoration in the urban area. It seems that the budget is not placing much effort on restoration activities, but instead on administrative costs. Council staff also assumes some of the previous tasks have been completed and it seems that the City of Yakima is paying a lot of money for personnel and not emphasizing on-the-ground work as expressed by the Council members during its discussion of this project.

On April 27, 2004 Council staff received additional information from the City of Yakima regarding the issues raised by Council staff. The information received generally aligns to the tasks associated with the previous SOW for the project (Fiscal Year 2003), but does not appear to correlate to the proposed work approved in the provincial review and subsequently in the Master Plan. . In addition, due to the timing between the original reschedule request (February 24th) and transition to the third year of provincial funding (July 1st), the sponsor is no longer requesting the scope change for the remainder of second year of funding (Fiscal Year 2003), but for the entire third year (Fiscal Year 2004) of the project.

The information received does not provide the details associated with personnel cost as requested, but indicates a large amount for “Stream/Riparian Restoration” (i.e. \$200,000) with no specifics of what type of work this would be other than brief mention of tasks that include “design, permitting, planting, and construction contracting (if necessary)”. This amount seems high for the activities proposed and it is difficult to recommend a scope change without more specific objectives and tasks. Without these specifics it is difficult to ensure that the funding for this scope change is for habitat restoration

¹ Request was sent (i.e. email) on April 16, 2004.

activities and not for administrative costs. If these costs are for on the ground activities, of this magnitude, it would also seem that there are more efficient options to get this work accomplished under projects that are currently doing this in the subbasin. These ongoing projects not only are reviewed and approved for this activity, but are geared up and experienced for a restoration activity of this magnitude. The coordination between these projects an issue in the final ISRP comment regarding this project as part of the Columbia Plateau province review (ISRP Document 2001-8). The ISRP conditioned its fundable recommendation with a comment that future funding of this project after the assessment (i.e. Master Plan) be integrated and prioritized with the other projects (e.g. #1997-051-00)² in this section of the Yakima subbasin.

“Fundable in part at reduced costs as proposed by project sponsors. The proponents of the proposal agreed that this project was “still very much in the planning phase” and suggested modifying the project for 2002. Their suggestion was to reduce the costs to \$349,000 for 2002; other portions of the proposal would be shifted back one year to 2003. The ISRP agrees with an initial planning and assessment phase and would support this reduced cost for 2002. Funding for future years, however, should remain contingent upon completion of these assessments and integration of this program with other BOR and Yakama Nation projects in the Selah floodplain. Clearly, the primary goal of the project to establish functioning riparian zones within an urban environment could have strong social and educational value. However, the proponents must provide more quantitative measures of the habitat protected and/or value to fish and wildlife before their proposed efforts can be prioritized against competing proposals within the basin.” (ISRP Document 2001-8)

This leads to a concluding remark that the project should be defined in the anticipated subbasin plan and that the project as it stands no longer has a role and that the contract should not be renewed for the third year of funding.

Therefore, Council staff does not recommend that this scope change be approved and that the contract not be renewed for Fiscal Year 2004. The staff suggests that the proposed scope of work be reviewed once the Yakima subbasin plan is completed. The work that has been completed is a Master Plan for habitat protection in the urban growth area of the City of Yakima should be incorporated and prioritized in the Yakima subbasin.

2. *Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Bonneville is seeking approval for a well field mitigation and monitoring plan at the Cle Elum Supplementation and Research Facility in Cle Elum, Washington for \$290,000 in Fiscal Year 2004, 2005 and 2006 (see attachment 1).*

Background

Construction of the Cle Elum Research and Supplementation Facility (CERSF) began in May of 1996 and began operations on August 1, 1997. In 1998, the associated acclimation facilities in the upper Yakima River subbasin were completed.

² Yakama Nation Yakima/Klickitat Fisheries Project (YKFP) Yakima Side Channels, Project #1997-051-00

During the initial three years of operations of the Cle Elum facility well field pumping adversely affected a large wetland. Impacts to the wetland vegetation, terrestrial and aquatic species was documented by Washington Department of Ecology (WDOE) who then required BPA to prepare a mitigation plan for these impacts. The mitigation plan was prepared, submitted, and was accepted by WDOE. The mitigation plan was incorporated, together with well field monitoring, as conditions in the WDOE's water permit.

BPA needs to proceed with implementing the mitigation plan and well field monitoring soon or risk being out of regulatory compliance with the water permit. The cost estimate for implementing the mitigation plan and funding the continued well field monitoring is estimated at \$290,000. Well field monitoring is required through most of 2005 with the final well field ground water report due to WDOE by March 2006.

In order to fund the wetland mitigation and well field monitoring, BPA, in coordination with the Yakama Nation, submitted a change in scope request through the November Program Status Review meeting for approval to fund this activity during FY 2004. Following this scope request was a letter, on March 3, 2004, from BPA seeking approval for the funding of this mitigation and monitoring plan. BPA also requested that this item receive "urgent Council action" so that the performance period for plan can be met.

Analysis

The request is to fund a recently identified construction requirement (i.e. well field mitigation and monitoring plan - "Tillman Creek wetland mitigation for adverse impact to groundwater pumping and continuing well field monitoring") that was not part of the existing proposal and addresses the mitigation as directed by the WDOE.

The objectives to complete the required mitigation and monitoring plan are as follows.

Objective 1. Mitigate for impacts to wetland due to groundwater pumping at Cle Elum facility per WA Ecology directive (water right permit).

Objective 2. Well field monitoring/Groundwater Permit Application Action Plan for groundwater impact analysis, required per WA Department Ecology water right Temporary Permit G4-32504

The mitigation is due to the adverse impact of groundwater pumping on a wetland near the Cle Elum facility. The final plan has been reviewed and accepted by the State. The proposed performance period for the above objectives is three years. For Objective 1, the first year is for construction, and the second and third year is for monitoring the effectiveness of plant survival. For Objective 2 the well field monitoring will not be complete until March 2006 when the monitoring report is due to WDOE.

The FY 2004 capital budget recommended by the Council for this project, *YKFP Design and Construction, Project Number 1988-115-25*, totals \$1,258,000³. To date no billing has occurred to the capital budget associated with this project.

Due to the documented impacts and the State requirements to mitigate for these impacts the Council staff concurs with Bonneville's urgent action request and recommends that the Council supports this request and that the funding of this plan be initiated from the current capital budget for this project, Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25 for the objectives as defined by the WDOE not to exceed \$290,000 for FY 2004 - 2006.

3. *Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Yakama Nation is seeking approval to construct an Office/Research facility at Nelson Springs in Yakima Washington for \$1,265,168.*

Background

This proposed action was initially addressed by the Council in its recommendations to Bonneville for Fiscal Year 2001. The first part of that decision was made in September 2000, and dealt with recommendations for ongoing projects.

The proposal was one of the specific projects with issues⁴ that required additional Council consideration (and consultation with the sponsor and Bonneville. It was deferred for that consultation and further Council review.

At the Fish and Wildlife meeting on December 5, 2000 project sponsors (Yakama Nation) and Bonneville presented information pertaining to the proposed objectives, tasks and budget associated with the project proposal. This presentation provided the committee members with background information and assisted in addressing the issues surrounding the project.

On December 18, 2000 Council staff met with the Yakama Nation and Bonneville to discuss and resolve the outstanding issues regarding the proposal.

The proposal was then addressed on January 17, 2001, when the Council recommended to BPA that the construction of the facility at Nelson Springs be dependant on the outcome of the ongoing provincial review and approval. The budget amount for this effort was recommended to Bonneville for interim planning and permitting processes at \$200,000⁵ so the Yakama Nation could provide a master plan that outlines and justifies the need and cost effectiveness of the proposed facility. In addition, the Council

³ At the September meeting, the Council approved a start of year budget for 2004. Comments regarding the capital component of the Project #1988-115-25 as follows "*Nelson springs/Interpretive center not recommended per FY 2001 council recommendation and provincial review. Staff recommendations in this table are from proposal for outyear cap costs associated with coho, fall chinook and steelhead, and dependant on favorable review outcome*".

⁴ Council needed to seek additional information on and consider the sponsor's proposal to develop office building, interpretive center and Klickitat facilities at this time.

⁵ Section 3 (Planning and Design), Objective 1: Design of Office /Research facility at Nelson Springs, Task a: Complete design and engineering work @ \$175,000 and Task b: Complete necessary NEPA/SEPA work, including necessary permitting @ \$25,000.

recommended that Bonneville provide oversight of the project element to ensure budgetary compliance and balance to the provincial review process and the resulting decision.

As part of the Issue summary for Columbia Plateau provincial review decisions on November 8, 2001 the Council reconfirmed to Bonneville the recommendations it made as part of the Fiscal Year 2001. At the time of the Council decision regarding the Columbia Plateau, no information about the project design and costs had been received and the Council did not reserve funds for the construction of an office facility. In addition, the Council deferred budgeting for out-year capital costs associated with the artificial production initiatives for coho, fall chinook and steelhead to the three-step review process, as referenced in Yakima Issue 1, and would be dependent on future budget reallocations.

On October 20, 2003 Council staff received from the Yakama Nation justification documents for the Nelson Springs facilities for Councils consideration. The cover letter associated with the submitted documents referenced the anticipation that after review Bonneville would support the request. On March 3, 2004 the Council received a letter from BPA supporting the replacement of the facilities at Nelson Springs (see attachment 1).

The proposal requests the replacement of the existing buildings with a 5,913 square foot office building, a 360 square foot storage building, and an associated parking and secured parking area at a capital cost of \$1,304,908.

Analysis

The request is for the replacement of the facilities that currently exist at Nelson Springs in Yakima, Washington. The site is located approximately 200 feet north of the Naches River and is composed of and in close association to creeks, springs and sloughs.

The three parcels (3.23 acre) that makeup the Nelson Springs site were originally purchased (1990 - 1992) by BPA (\$139,500) as a location for a central hatchery facility for the fall chinook and summer steelhead (Preliminary Design Report for the Yakima/Klickitat Production Project, 1990) component of the Master Plan for the Yakima/Klickitat Production Project (1987). Shortly after the purchases it was determined that the site had inadequate water supply for a hatchery complex. Therefore, in 1992 the Yakama Nation fisheries staff started to utilize the existing facilities for offices and meeting space. The existing facilities on these parcels include a split-level residence at 2,350 square feet, and a doublewide mobile home at 1,440 square feet. In addition the parcels provides parking, lawn area and a storage area.

Currently, the Yakama Nation has 4 FTE project manager/biologists, 4 FTE project data/EDT modelers and 2 FTE technicians that utilizing the facilities. These positions are addressed under project “*Yakima/Klickitat Fisheries Project (YKFP) Management*”, Project #1988-120-25 and “*Yakima/Klickitat Fisheries Project Monitoring and Evaluation*”, Project # 1995-063-25. For Fiscal Year 2004 these projects had recommended funding levels of \$999,371 and \$4,100,251, respectively.

The cover letter and the justification documents (i.e. “Master Plan) received on October 20, 2003 included a narrative, Yakama Nation response to the FY 2001 funding issue (i.e. “parking lot”), 2001 feasibility study, application to the Yakima County Development Services (August 28, 2003) and the associated memo and comment letters, construction document estimated budget, and final design drawings.

The justification documents (i.e. master plan) received was intended to addresses the conditions and issues identified initially for the project element during the Fiscal Year 2001 funding decision and restated as part of the Issue summary for Columbia Plateau provincial review decision.

The compilation of documents received from the Yakama Nation provided cost effectiveness and justifications for the proposed facilities. Council staff notes that the terms defining the proposal alternate between replacement facilities, research facility, and office/research facility. The original title of the project element acknowledged the “office/research facility”, but the cost effectiveness for the facility emphasizes the office space, but justifies the proposed facility and location as being “vitally important” to the continued research and studies. As stated as part of the issue summary for Columbia Plateau provincial review decision the Council stated that out-year capital costs associated with the artificial production initiatives for coho, fall chinook and steelhead will be deferred and will depend on a favorable step review process, as referenced in Yakima Issue 1, and securing funds through budget reallocations. The submitted documents also state that the activities at the site are not anticipated to change, though the justification infers future growth.

The justification (space and cost) provided seems to be built on incomplete analysis and of needs that are intended not to be long term (i.e. avian predation biologist). Tasks associated with *Yakima/Klickitat Fisheries Project Monitoring and Evaluation*, Project # 1995-063-25 supported certain tasks, but recognized then as not necessarily being long term. This also raises the relationship to the Cle Elum Supplementation and Research Facility and the Hagerman facility (Project 2001-046-00, *Collaborative Center for Applied Fish Science*) and the initiation of this complex. It seems that the future intentions and initiatives should be defined prior to building a complex of this size. It seems that the sponsors also did not evaluate a cost affective approach of modular structures that would provide the offices needs in a more cost effective and flexible manner. In addition the cost effectiveness did not account for the fair market value of the existing parcel in their comparison to the rent/lease option and used an inflated structure size (6000sf) as a multiplier to justify the cost of construction (e.g. existing office structures total 3,790 square feet). It is also important to note the preliminary analysis was completed in 2001 and did not account for the current value of the existing parcel, and that alternative facility (e.g. modular) analysis was lacking from the justification.

For these reasons, Council staff does not support this request and feels that the intentions of this site are not clearly defined and seems to be justified on the basis of yet to be approved master plans regarding coho, fall chinook and steelhead. In addition, a determination is needed as to the appropriateness of constructing a program support facility of this size with Bonneville funds.

Bonneville generally supports the proposal at a total cost of \$1,304,908 (with adjustments to the design), but provide comments in response to address the Councils request regarding compliance to the funding decisions (see attachment 1).

Attachment 1: Letter received from Bonneville Power Administration on March 3, 2004 recommending their general support for the proposed facility at Nelson Springs and seeking approval for funding a well field mitigation and monitoring project.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

March 1, 2004

In reply refer to: KEWL-4

Mr. Doug Marker, Director
Fish and Wildlife Division
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204

Dear Mr. Marker:

This letter is in response to the Northwest Power and Conservation Council's (Council) request to Bonneville Power Administration (BPA) for our comments on the design proposal for the replacement of buildings at the Nelson Springs Research Facility in Yakima, Washington. BPA generally supports the proposal with the adjustments to the design as noted later in this letter. On October 17, 2003, the Yakima Nation submitted the design proposal to the Council for review, under the Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project Number 1988-115-25.

This letter also seeks Council approval of fiscal year (FY) 2004 funding for well field mitigation and monitoring at the Cle Elum Supplementation and Research Facility in Cle Elum, Washington. This request was separately identified as a within-year scope and funding request submitted through the Program Status Review in November 2003. While unrelated to the research building proposal, this issue is included in this letter because it falls under the same project and requires urgent Council action.

The Council, in its 2001 decision to recommend funding for the Nelson Springs design, expressed a need to review the design prior to BPA and the sponsor initiating any construction. The proposal calls for the replacement of existing buildings totaling 4,450 square feet (a two-story four bedroom house with garage and a double-wide mobile home) with a single story 5,913 square foot office building, a 360 square foot storage building with a parking overhang, and a fenced area for secured parking for boats, outboard motors, screw traps, and vehicles.

Background - M & E Research Building

The Nelson Springs facility serves as the offices and laboratory space (for fish analysis) for the YKFP research and data managers and supporting fisheries biologists and technicians. The facility also holds the YKFP project library and includes a secured parking area for government vehicles, boats, trailers, et cetera. The staff that work at the facility is funded under two on-going projects, YKFP Monitoring and Evaluation (M & E), Project Number 1995-063-25; and YKFP Data, Management, and Habitat, Project Number 1988-120-25.

The YKFP fisheries and data staffs have used this facility ever since the site was purchased by BPA in 1990. The land (approximately 3.23 acres) and buildings were originally purchased by BPA for \$139,500 for use as a fish culture site, either as a hatchery or as a fisheries acclimation site. Due to an inadequate water supply, use of the site as a major fish culture facility was not possible. By 1992, Yakama Nation fisheries staff, working on YKFP projects, was utilizing the facility as office, library, and meeting space. This was an interim use of the facility pending a review of alternatives for long-term office space. The review of alternatives was delayed until after the Cle Elum facility was complete and fully functioning.

The YKFP Policy Group, led by Mr. Melvin Sampson, Yakama Nation Coordinator, and Mr. John Easterbrooks, Region 3 Fisheries Manager, Washington Department of Fish and Wildlife, examined a range of alternatives for office, library, laboratory, and meeting space as part of the design review. The feasibility study for this construction proposal was incorporated in the October 17, 2003, package as Attachment 3. The study concluded that the current buildings could not be upgraded, that a new structure was feasible, and that the payback of new construction versus lease was reasonable within 15 to 20 years (based on a rental cost of \$12 to \$17 per square foot for a 6,000 square foot building). A major assumption regarding this payback analysis is that the monitoring and evaluation functions under the YKFP will continue at or near the current level of effort for 15 years or longer.

Proposal Analysis - M & E Research Building

The functional requirements for a replacement building were extensively discussed and reviewed by the YKFP Policy Group, including BPA's project manager, David Byrnes. The design contract for this work was issued to Montgomery Watson Harza on January 2, 2002. The design was completed on June 30, 2003, with total design costs of \$188,137 (including site surveys). A local architectural firm, Davis Opfer Rabb, served as the sub-contractor preparing the design.

An overarching goal for the design, expressed by BPA and supported by the Policy Group, was for the design to meet the purpose and necessity for work and laboratory space at the least cost. We believe the design meets this basic goal with the adjustments noted below regarding several alternatives identified in the proposed design.

The first column of costs displayed on the table below is a copy of the summary table that appears in Attachment 6 of the October 17, 2003, proposal. The second column is the estimate updated to include a deeper domestic well and well testing. This well is necessary to provide an acceptable water source for the project from an aquifer that is considerably deeper than previously anticipated. The last column is a modification of the second column of figures to

show the impact of cost reductions that result from our recommendations regarding removal of two of the proposed alternatives and an adjustment to the third alternative.

Project Number 1988-115-25 Nelson Springs Research Facility Building Replacement Summary – 100 Percent Construction Estimate	Proposal (June 03)	Proposal (Jan 04)	BPA Recommended (Feb 04)
General Civil	\$169,940	\$252,370	\$252,370
Research Building	723,600	723,600	723,600
Alternative 1 – Storage Building	35,130	35,130	32,420
Alternative 2 – Stone Veneer/Cedar Siding	27,470	27,470	0
Alternative 3 – Concrete Tile Roofing	18,320	18,320	0
Subtotal Estimated Construction Cost	974,460	1,056,890	1,008,390
Construction Contingency @ 8 %	77,957	84,551	80,671
Construction Total	\$1,052,417	\$1,141,441	\$1,089,061
Other Costs			
Arch/Engineering Fees through Construction	28,000	28,000	28,000
Civil Engineering/Project Mgt through Construction	15,000	15,000	15,000
Sales Tax @ 7.6 % (for Construction Subtotal)	79,984	86,750	82,769
Misc. Expenses	4,000	4,000	4,000
Plan Review and Permit Fees	9,571	10,107	9,791
Data/Phone System (Estimated)	15,000	15,000	15,000
Security (Estimate)	5,000	5,000	5,000
Furnishings (Estimate)	50,000	50,000	50,000
Other Costs Subtotal	206,554	213,856	209,560
Other Costs Contingency @ 3 %	6,197	6,416	6,287
Total Other Costs	212,751	220,272	215,847
Estimated Project Total	\$1,265,168	\$1,361,713	\$1,304,908

Analysis of Recommendation - M & E Research Building

Our recommendation is to exclude Alternative 2, Stone Veneer and Cedar Siding, and Alternative 3, Concrete Tile Roofing, and to modify Alternative 1 by replacing concrete tile roofing with conventional roofing. These revisions result in no impact to the utility of the structure. The recommended changes to the design represent about a four percent reduction in the estimated cost for the project, resulting in a revised cost estimate of \$1,304,908. The estimated costs for the data and telecommunications system, security, and furnishings are reasonable estimates.

Cle Elum Supplementation and Research Facility – Well Field Mitigation and Monitoring

During the initial three years of operations of the Cle Elum facility, ground water withdrawals due to well field pumping adversely affected a large wetland near one of the wells. The effect of the de-watering was mortality to vegetation and habitat degradation/elimination for amphibians and aquatic invertebrates. The wetland loss was documented by Washington Department of Ecology (WDOE) staff who then required BPA to prepare a mitigation plan for these impacts.

The mitigation plan was prepared, submitted, and accepted by WDOE who subsequently incorporated the implementation of the mitigation plan, together with continued well field monitoring, as conditions in the 2002 Revised Temporary Water Permit.

BPA needs to proceed with implementing the mitigation plan and well field monitoring soon or risk being out of regulatory compliance with WDOE's water permit. WDOE staff is continuing to work with BPA through this budget review period but are clear in their expectations that timely implementation of these permit requirements will occur. The cost estimate for implementing the mitigation plan and funding the continued well field monitoring is estimated at \$290,000. Well field monitoring is required through most of 2005 with the final well field ground water report due to WDOE by March 2006.

The FY 2004 capital budget that the Council recommended for this project, YKFP Design and Construction, Project Number 1988-115-25, totaled \$1,258,000. In order to fund the wetland mitigation and well field monitoring, BPA, in coordination with the Yakama Nation, submitted a change in scope request through the November Program Status Review meeting for approval to fund this activity during FY 2004. The use of the capital budget to fund these activities is appropriate due to the direct link of the construction impact on the wetland – identical to the capital funding used for the original construction activities that involved extensive wetland mitigation.

Summary

The total capital cost for the two activities addressed in this letter, research building replacement (at the recommended level) and well field mitigation and monitoring, is estimated at \$1,594,908 (research building replacement at \$1,304,908 and wetland/monitoring mitigation at \$290,000). I ask the Council to review these two proposals independently. If the Council recommends proceeding with both the research building replacement and the well field mitigation and monitoring, the FY 2004 capital budget for this project will need an additional \$337,000 to fund both activities.

If you have additional questions, please contact David Byrnes at 503-230-3171.

Sincerely,

/Signed/

Scott Hampton, Manager
Environment, Fish and Wildlife Business Operations Support

cc:

Mr. Melvin Sampson, Yakama Nation Fisheries

Mr. John Easterbrooks, Washington Department of Fish and Wildlife