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July 6, 2004

To: Council Members

From: Doug Marker, John Ogan

Subject: Status report on developing a future fish and wildlife program funding agreement

At the Council meeting we will brief you on the progress of discussions with Bonneville and other regional parties for developing a funding agreement for fish and wildlife program implementation. Our efforts are to define the funding agreement in advance of Bonneville's rate case which begins this fall.

The discussions have occurred in three primary work groups. In addition, staff from the participating regional entities meet monthly to assess progress and review work products. The next meeting of the coordinating work is July 8.

The first work product is a preliminary appraisal of the costs of projects that have specific requirements for long term funding by Bonneville. That initial exercise was completed in April and we have previously briefed the Council on the function of that work in a funding agreement. We continue to answer questions about the program appraisal, however. As a reminder, the exercise was to understand the current level of project funding that has been committed by specific agreement, project approval requirements or other documented requirement. This work should be viewed as an estimate the costs for maintaining past investments that remain productive. The exercise did not place a higher priority on these projects or excuse them from future review and prioritization.

A second work group has developed an approach for a "construct" of basic strategies that can be defined by measurable performance and used to create an estimate of the amount of continued work that can be accomplished by the Program at various funding levels. The work group is planning a two-day workshop on July 27 and 28th to develop this approach with specific accomplishment measures and cost estimates. The result should inform the region on the pace of program implementation that can be achieved with proposed funding levels.

Finally, a third work group is discussing the management issues that should be addressed in a formal agreement. The 1996-2001 memorandum of agreement contained considerable detail on program accounting, treatment of the different Bonneville funding categories and reporting.

The work group developed an initial list of issues that may be appropriate for defining in a formal agreement and a set of issues that need regional attention but that may not be appropriate for inclusion in a funding agreement. After more development of these issues we will seek your guidance on the Council position of which issues should be included and how they should be treated in the agreement. The management issues work group met last week and will meet again before the Council meeting.