Northwest Power and Conservation Council

August 31, 2004

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Mark Fritsch

SUBJECT: Step 2 review of the *Northeast Oregon Hatchery Spring Chinook Master Plan* (Project #1988-053-01)

Action

On August 3, 2004 the Nez Perce Tribe, Confederated Tribes of the Umatilla Indian Reservation, and Oregon Department of Fish and Wildlife in coordination with the U.S. Fish and Wildlife Service submitted step 2 documents to the Council for *Northeast Oregon Hatchery Spring Chinook Master Plan* (Project #1988-053-01). The intention of the submittal is to address the conditions placed on the project as part of the Council's approval of the master plan (step 1) and address the required elements of step 2 (i.e., conditions, preliminary design and environmental review).[1] At your meeting on September 7, 2004 the Council staff will provide an overview of the step 2 submittal and discuss our proposed recommendations with you regarding step 3 activities (e.g., final designs) for the project. Council staff anticipates taking the Committee recommendation to the Council in October.

Recommendation

1. Council staff recommends that an independent value analysis be initiated. This review should provide decision makers alternatives that optimize cost and performance while still ensuring compliance with project goals, objectives and requirements. Though the exercise is a zero based approach the Council's goal would be that the capital construction costs associated with the proposed modifications at Lookingglass Hatchery and the Imnaha satellite facility, and the new construction associated with the new

[1] On September 20, 2000 the Council gave a conditional approval of the step 1 submittal (master plan).

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Lostine facilities (i.e. hatchery and adult trap) not exceed the current preliminary estimate of $16,848,637.[2] Costs associated with the independent value analysis are estimated to cost $40,000. In addition, it is understood that fiscal year 2005 capital construction costs will be $1,649,813 for final design and land acquisition /easement, and $458,000 for NPT and ODFW planning. All additional out year costs (e.g. construction, O&M and M&E) will be determined at the time of the step 3 decision anticipated in the summer or fall of 2005.

2. Council staff recommends that additional understanding is needed regarding the M&E Plan and that a more confirmed regional approach is needed prior to providing additional direction to the M&E efforts in the Grande Ronde and Imnaha basins from the co-managers. It is hopeful that at the time of the step 3 decision additional directions can be provided on the proposed M&E Plan.

3. Council staff recommends that the Currently Permitted Program and documents that provide Co-managers Responsibilities be continued to be developed and tracked as the proposal proceeds through step 3. At the time of the step 3 decision the co-managers will confirm and fully support all aspects of the production and funding associated with the NEOH proposal.

Significance

The intent of this step 2 submittal for the Northeast Oregon Hatchery (NEOH) Program (*Northeast Oregon Hatchery Spring Chinook Master Plan*, Project #1988-053-01) is to provide the requested information regarding a plan to artificially incubate and rear spring Chinook salmon stocks for the Imnaha and Grande Ronde rivers. These populations are listed as threatened under the Endangered Species Act (ESA). The Nez Perce Tribe (NPT), the Confederated Tribes of the Umatilla Indian Reservation, and the Oregon Department of Fish and Wildlife (ODFW), and U.S. Fish and Wildlife Service are the co-managers of the current preservation/conservation and restoration programs for Imnaha and Grande Ronde spring Chinook salmon and have jointly worked on this step 2 submittal.

The programs currently underway are using conventional[3] and captive[4] broodstock techniques to meet their intended purposes. These programs have redirected, at least for the near term, production occurring under the Lower Snake River Compensation Plan (LSRCP) from the original goal of mitigation for salmon losses caused by the development of the lower Snake River dams to the preservation/conservation and restoration[5] of ESA listed stocks in this area. Both the Imnaha and Grande Ronde preservation/conservation and restoration production programs are described in an ESA Section 10 permit applications. The co-managers refer to the

[2] This cost includes land acquisitions/easements, capital construction, engineering, administration, inspecting overhead and taxes.
[3] Conventional broodstock - Artificial propagation involving the collection and spawning of adult fish, and then incubating, rearing, and releasing the resultant offspring. The term conventional is used because starting with adult fish is the most common method of establishing a broodstock (NEOH master plan, April 2000).
[4] Captive Broodstock - Adult fish maintained in captivity, used to propagate the subsequent generation of hatchery fish (NEOH master plan, April 2000).
[5] As defined by the Artificial Production Review (document 99-15). Northwest Power Planning Council. 1999.

fish production from these programs as the Currently Permitted Program (CPP). Lookingglass hatchery is the facility currently being primarily relied upon to implement the CPP.

Co-managers have determined that it is impossible to produce all the CPP at Lookingglass Hatchery, and that without additional facilities, production must be cut from these conservation and restoration programs. The Master Plan, submitted by NPT in 2000 and approved by the Council, described alternatives to meet the facility needs of the CPP so the preservation/conservation and restoration program could be implemented. This proposed action makes this proposed artificial production initiative significantly different than those that the Council has considered previously -- it is not a plan for building facilities to add new or different production. Rather, the NPT plan is for developing facilities to implement production that has previously been agreed upon (the CPP).

Since the approval of the master plan the sponsors have completed environmental reviews and completed a preferred alternative preliminary design to meet the needs of the CPP. The current step 2 submittal focuses on four facilities, both modifications to existing facilities and construction of new facilities.

The new construction includes a new incubation and rearing facility in the Lostine River basin to accommodate the Lostine stock production (250,000 smolts) and provide adult holding and incubation for the Imnaha stock, and rear half of the total Imnaha production (245,000 smolts). In addition, a new adult capture facility on the Lostine River is proposed.

Modification of existing facilities is proposed at Lookingglass Hatchery to accommodate the other stocks (i.e. Upper Grande Ronde 250,000 smolts, Catherine Creek 250,000 smolts, and Lookingglass 150,000 smolts) and the remaining half of the Imnaha stock (245,000 smolts), and the existing Imnaha Satellite Facility (i.e., Gumboot) to improve adult collection and juvenile acclimation.

Budgetary/Economic Effects

Planning since 1988 has cost $7,172,000 million[6]. Cost of final design for the proposed new and modified facilities is estimated to be approximately $1,149,813[7] and is included in the planning costs for this project in Fiscal Year (FY) 2005. Other planning costs include final land acquisition/easement (FY'05 @ $500,000), and Nez Perce Tribe planning contract (FY'05, '06 and '07 @ $389,000/yr) and ODFW planning[8] contract (FY '05, '06 and '07 @ $69,000/yr).

Construction and modifications of the facilities proposed in the preliminary design submittal is estimated to cost $16,348,637. Cost estimates include construction costs, construction management, inspection, TERO (Tribal Employment Rights Office) fees and startup

[6] This amount reflects $523,320 for land acquisition and easement, $1,266,431 for preliminary design, $494,320 for NEPA/ESA consultation, and all other costs associated with the program from 1989 -2004, including the hatchery sitting report (water analysis) and conceptual design report.

[7] Costs include $208,186 for modifications to Lower Snake River Compensation Plan (LSRCP) facilities (i.e. Lookingglass National Fish Hatchery and Imnaha River Satellite Facility (Gumboot)) and $941,627 for new facilities.

[8] ODFW planning (Northeast Oregon Hatcheries Planning ODFW, Project # 1988-053-05)

costs. The budget estimate has an expected accuracy of +30% to - 15%. All estimates within the preliminary engineering report are considered to be within a 20% level of accuracy.

Total estimated project costs are $19,372,450 (i.e., final design, land acquisition, NPT and ODFW planning/support, construction costs, and '08 startup costs).

Annual operation and maintenance costs for the new facilities, after all facilities are fully developed, are estimated to cost about $676,154. Monitoring and evaluation is estimated to cost about $2,413,449 annually. These cost figures are based on estimates from FishPro, a Division of HDR Engineering, Inc. and project leaders.

Costs to Date[9]

FY	**89**	**90**	**91**	**92**	**93**	**94**	**95**	**96**	**97**
Planning	.133	.592	.521	.337	.030			.359	.150

FY	**98**	**99**	**00**	**01**	**02**	**03**	**04**
Planning	.668	.374	.042	1.347[10]	.529	.749	.817
Land Purchase and Easements				.128	.088	.263	.045

Future Costs[9]

FY	**05**	**06**	**07**	**08**	**09**	**10**	**11**	**12**
Planning	1.608	.458	.458					
Construction	3.149	6.298	6.755	.147				
Lostine	2.086	4.172	4.172					
Lostine Adult	.268	.536	.536					
Lookingglass	.191	.382	.381					
Gumboot	.330	.659	.659					
Land Purchase and Easements	.500							
O&M				.676	.696	.717	.739	.761
M&E				2.413	2.383	2.526	2.595	2.819

Background

The project has had a long planning history that has had to resolve management conflicts, sitting and environmental issues and reviews, and determining the appropriate funding and operations responsibilities. The following discussion summarizes that history.

The Northeast Oregon Hatchery Program (NEOH) was originally adopted in the Northwest Power and Conservation Council's 1987 Columbia River Basin Fish and Wildlife Program. In 1988 the Council authorized the Nez Perce Tribe (NPT), the Bonneville Power Administration (Bonneville), and the Oregon Department of Fish and Wildlife (ODFW) to

[9] Costs are in millions

[10] Planning costs from 2001 to 2004 also include NPT and ODFW planning (Project # 1988-053-05), NEPA/ESA consultation, and preliminary design engineering.

submit a master plan for review. The Council asked those agencies for a master plan that addressed not only salmon (spring chinook) and steelhead, but also coho, sockeye, and fall chinook.

Under the 1987 program, this project related to Measure 7.4L1, which directed Bonneville to:

> "*fund planning, design, construction, operation, maintenance and evaluation of artificial production facilities to raise chinook salmon and steelhead for enhancement in the Hood, Walla Walla, Grande Ronde and Imnaha rivers and elsewhere.*"

The Northeast Oregon Hatchery Program was an initial planning effort by the fishery co-managers to restore anadromous fish runs throughout Northeast Oregon. Restoring spring chinook into the Grande Ronde Subbasin was a discrete segment of that larger initiative. In March 1996, the Council approved this Grande Ronde spring chinook portion of the NEOH initiative as one of the 15 high-priority supplementation projects prioritized for implementation that year.

Unfortunately, even with the Council's high-priority status, co-managers could not agree on an appropriate production strategy for Grande Ronde spring chinook, given such issues as ESA requirements, Oregon's Wild Fish Policy, Lower Snake River Compensation Plan (LSRCP) requirements, Treaty and trust responsibility requirements, and other considerations. The co-managers have tried to use the United States v. Oregon forum to attempt to reach agreement on these production issues. As part of a formal United States v. Oregon dispute resolution process several years ago, the co-managers agreed to ask an ad-hoc independent scientific panel to review their respective proposed production strategies in the Grande Ronde Subbasin, and provide a determination on what would be appropriate. The panel offered several options and recommendations, including that an endemic[8] broodstock should be developed for supplementation uses in the Grande Ronde Subbasin.

The co-managers proposed two strategies to implement an endemic broodstock approach for Grande Ronde spring chinook: captive broodstock and conventional broodstock. In 1994, the co-managers agreed on the strategy for implementation of the captive broodstock component and initiated an emergency program. This captive broodstock component became the Grande Ronde Captive Broodstock project and the Council approved emergency funding in the fall of 1997 for this effort. This captive broodstock component consisted of an expansion at Bonneville Hatchery and improvements to Lookingglass Hatchery.

As the Grande Ronde captive broodstock project evolved, other projects under NEOH evolved with it and were modified to encompass the development of the conventional broodstock component of the overall endemic broodstock approach for Grande Ronde River, initiated in 1997. The need for the endemic component became the Grande Ronde Basin Endemic Spring Chinook Supplementation project and was approved by Council on June 10, 1998. The approved action recommended funding for the construction of adult collection weirs and juvenile acclimation facilities at three sites — Catherine Creek, Upper Grande Ronde River, and Lostine River.

[8] Endemic - Native to or limited to a specific region (NEOH master plan, April 2000).

In 1998, the NPT refocused its master planning development on how they might more realistically phase in rebuilding goals given limited regional funding and broodstock limitations related to low numbers of available returning fish. The original concept for the NEOH Master Plans called for "new" production that would add to the LSRCP production currently occurring at Lookingglass Hatchery. However, with the continuing decline of salmon runs and the subsequent overload this caused on Lookingglass (i.e., with the additional burdens placed on the facility), to forestall extinction of Northeast Oregon chinook, the NPT concentrated their planning efforts on alleviating stress at the facility and restructuring where existing production would occur. The goal was not new production, but to improve the quality of the currently permitted program (CPP) under LSRCP using new and improved techniques.

In 1999, the master planning phase (step 1) of the Three-Step Review Process seemed to stall, due in part to a dispute between NPT and ODFW on fundamental aspects of fisheries production for Grande Ronde and Imnaha rivers. As a result, the master plan was not submitted as scheduled in 1999.

As part of the Fiscal Year 2000 decision, the Council placed the following conditions on this project (and a consistent recommendation was made for the ODFW component #1988-053-05): 1) the spring chinook planning component may proceed into the Three-Step Review Process; 2) a no-cost extension of the existing contract can be given which will permit master plan completion using Fiscal Year 1999 funds (no new funds needed); 3) a master plan to be provided no later than April 15; 4) a placeholder be established should the sponsors successfully move to step 2 activities after master plan approval; 5) future funding decisions, including release of FY 2000 funds in placeholder, be made in the context of a normal step review process; 6) Council expects ODFW to retain a staff person to participate in master planning process as soon as possible; 7) no capital improvements to Lookingglass Hatchery until the master plan is completed; 8) operation and maintenance (O&M) portion of existing program should continue to receive sufficient funding in the interim. The placeholder for potential step 2 activities is not specific to this project, but rather, will be a general capital project placeholder.

On April 14, 2000 the Council received the master plan and support documents from the Nez Perce Tribe. On April 21, 2000, after staff review, the master plan and support documents were submitted to the Independent Scientific Review Panel (ISRP) for review. On July 11, 2000 the Council received the ISRP's review (ISRP document 2000-6) of the technical responses to the step questions.

The ISRP found the master plan to be well written, that it provided adequate information for the step 1 review, and stated it was "one of the better plans it has reviewed". Consequently, the panel recommended that the project proceed to the next step in the Three-Step Review Process. The ISRP did raise nine key issues that needed to be addressed as the project proceeds into the step 2 phase of its development. In summary the issues raised include the following:

- A more complete and detailed monitoring and evaluation plan (issue #1);
- Demonstrate better linkages to habitat projects and adequately address the limiting factors in the lower section of the Lostine and Imnaha rivers (issue #2), and the adverse impacts these limiting factors have on the life histories of the remnant runs of fish (issue #3). These limiting factors need to be linked and fully addressed regarding the life

history diversity of the chinook stocks as they relate to incubating and rearing at the proposed sites, additional sites and existing sites, and to their relationship to the anticipated use of the NATURE's concept (issue #4, #6, and #7);

- Development of a harvest management plan that ensures compatibility with the recovery goal (issue #5); and
- Fully describe the linkage of the proposed project to existing artificial production programs (e.g., Lookingglass National Fish Hatchery) and the need for reform and realignment (issue #8) to correct the significant problems to the production initiatives in the subbasins. Delineation of the intent, including timelines, for the captive propagation component as it relates to the demonstration of success or failure of the programs must also be addressed (issue #9).

Concurrent to the above review, Council staff prepared an issue paper (document 2000-8) on the master plan and released it on June 7, 2000, inviting comment on the issue paper and the master plan. In particular, the Council requested public comment on the key issues regarding the project's concept, genetic risk, basin planning, and harvest management. The Council invited comment on the issue paper at the June 28 and July 19, 2000 meetings and accepted written comments through August 4, 2000. The issue paper was not intended to constrain alternatives the Council may consider, or limit Council action on this project, but to initiate dialogue with interested parties in the basin. No oral comments were made regarding this project at the two meetings, although written comments were received on June 21, 2000 from the Native Fish Society (NFS) and from the Oregon Department of Fish and Wildlife (ODFW) on August 3, 2000. In addition, on August 7, 2000 comments were received from the U.S. Fish and Wildlife Service (USFWS).

On September 20, 2000 the Council gave a conditional approval of the step 1 submittal (the Spring Chinook Master Plan). The Council also established its expectations for the step 2 submittal as follows:

1. Recommend that the Bonneville Power Administration fund step 2 activities (preliminary designs) for the Northeast Oregon Hatchery Program - Grande Ronde and Imnaha Spring Chinook Master Plan, and initiate the original planning scope of the NEOH program.

2. Recommend that additional information be developed that fully addresses the issues raised by the independent scientific peer review for consideration during the step 2 review.

3. Recommend that the Currently Permitted Program be addressed in a modification to the section 10-permit application that clearly states a scale for genetic risk management purposes.

4. Recommend that the co-managers work together to develop an MOU outlining their respective responsibilities in the Grande Ronde and Imnaha rivers.

While it approved the master plan, the Council requested that some of these requirements be presented to the Council prior to the step 2. The information requested would address issue #4, #7, #8, and #9 raised by the ISRP recommendation 2), recommendation #3, and

recommendation #4. The Council believed it was important to fully address these issues to minimize and eliminate unreasonable risk, and to ensure that there were common goals, and that progress was being made regarding the project.

On June 27, 2001 the NEOH Core Team (Nez Perce Tribe, Oregon Department of Fish and Wildlife, and Confederated Tribes of the Umatilla Indian Reservation) presented information and updates to the Council addressing the requested information. The information addressed the issues as intended. It was anticipated that this information would also be part of the submittal expected on August 28, 2001.

On September 4, 2001 the NPT submitted the step 2 documents. When the Nez Perce made that submission it was believed that NEPA requirements would be satisfied with a simpler Environmental Assessment (EA) document. It was anticipated that this EA would be completed by the time the Council made its decisions on the Mountain Snake and Blue Mountain Provinces. Council staff wanted to align the review of the step 2 documents by the ISRP to the provincial review for efficiency purposes. However, soon after the step 2 submittal was received, Bonneville determined that a full Environmental Impact Statement (EIS) document would be needed instead of the much simpler, Environmental Assessment. Bonneville's decision regarding its NEPA requirements prevented the Council from making a step 2 decision in the provincial review. In light of this more extensive environmental review process, the comments made by the ISRP in their preliminary review of the step 2 documents (ISRP document 2001-12C), and the need to complete important elements of the step 2 submittal (e.g., specific issues, monitoring plan, MOU, etc.) the completed step 2 submittal was rescheduled to a later date while the EIS was completed. The Council was advised that the draft EIS would be completed in late summer or early fall of 2002, and that this would allow for the step 2 submittal to be provided to the Council in the fall of 2002.

On May 22, 2003 the Nez Perce Tribe again submitted step 2 documents to address the conditions placed on the project as part of the step 1 review approved by the Council on September 20, 2000. Bonneville completed and distributed the Draft Environmental Impact Statement (DEIS) for the "Grande Ronde - Imnaha Hatchery Project" on May 29, 2003.

On June 2, 2003 the step 2 documents were submitted to the ISRP for review. On August 12, 2003 the ISRP completed the review of the step submittal (ISRP document 2003-12). The ISRP continued to have concerns with three of the previously identified nine issues.[10] A primary issue of concern in the current detail of the monitoring and evaluation plan (issue # 1).

On October 16, 2003 the NEOH Core Team[11] responded to the ISRP's comments and questions raised in the step 2 review of the NEOH Spring Chinook Master Plan (ISRP document 2003-12, August 12, 2003), and on October 27, 2003 a meeting was arranged and facilitated by Council staff between members of the NEOH Core Team and the ISRP. This meeting helped the

[10] *"Overall, this response is much improved over the previous response; however the ISRP has continued concerns for ISRP issue 3 (Genetic breeding plans), issue 5 (forecasting and escapement goals), and with the lack of detail presented in the Monitoring and Evaluation Plan (Appendix A)"* (ISRP document 2003-12).

[11] Core Team members include representatives from the Nez Perce Tribe, Confederated Tribes of the Umatilla Indian Reservation, Oregon Department of Fish and Wildlife, U.S. Fish and Wildlife Service, National Marine Fisheries Service, Bonneville Power Administration, Northwest Power and Conservation Council, and engineering consultants.

Core Team to understand the remaining ISRP concerns regarding the monitoring and evaluation plan.

Based on the October 16, 2003 response and the October 27, 2003 meeting with the NEOH Core Team, on November 17, 2003 the ISRP provided a follow-up to their step 2 review of the Northeast Oregon Hatchery (NEOH) Spring Chinook Master Plan (ISRP document 2003-12). As discussed at the meeting, the ISRP found that the NEOH Core Team's response adequately addressed the ISRP's concerns related to the genetic breeding plan (issue #3), and the harvest framework, forecasting, and escapement goals (issue #5). However, the ISRP found that the submittal still did not constitute a complete monitoring and evaluation plan (issue #1) that provided adequate detail to allow for a technical review. As part of the review the ISRP provided specific recommendations for the development an appropriate M&E plan.

The NEOH Core Team re-submitted an M&E plan on March 1, 2004 for ISRP review. On May 18, 2004 the ISRP provided their review and gave a positive review of the M&E plan (ISRP document 2004 -10).

The ISRP's commented that the M&E plan was an excellent working draft for the NEOH Imnaha and Grande Ronde subbasin spring Chinook salmon program. The ISRP also commended the NEOH Core Team on being among the first to bring the modern EMAP probabilistic sampling procedures into the Columbia Basin, and strongly endorsed the development of the EMAP-type probabilistic sampling scheme for redd counts to complement current surveys.

Though the review was positive, the ISRP raised additional issues that should be addressed as part of the step 3 submittal of the M&E plan.

- more thorough prioritization of monitoring and evaluation efforts;
- further scoping of the power and resolution that can be expected for the metrics that are to be measured, given the constraints of sampling and inherent variance, and use of this information to inform decisions on sampling intensity and the priority of evaluation metrics;
- consideration of full use of the suite of descriptors of outcomes (e.g., reports of primary data and thorough statistical description of derived summary metrics), rather than simply hypothesis tests at $p = 0.05$);
- assurance that sample sizes are adequate for the metrics that comprise the core evaluation of the final plan;
- development of a clear plan for integrating evaluation metrics into adaptive management of the program, including a decision tree or other representation of clearly stated decision triggers and actions that would result in program modification (or even termination, if warranted); and
- development of procedures and protocols for implementing the plan.

During the same period, Bonneville completed the Draft Environmental Impact Statement and released it for public review in May 2003. Because proposed NEOH facilities were either within (Imnaha Final Rearing Facility and Imnaha Satellite Facility), above (Lookingglass Hatchery), or below (Lostine River Hatchery and Lostine Adult Collection

Facility) a designated Wild and Scenic River corridor, Bonneville entered into a Wild and Scenic Rivers Act Section 7 consultation with the U.S. Forest Service which administers the wild and scenic river management standards for the Imnaha and Lostine rivers. The U.S. Forest Service reviewed the DEIS to determine if the proposed facilities would have adverse effects to the Imnaha and Lostine rivers. Their preliminary determination was that the Imnaha Final Rearing Facility as proposed adversely affected the free-flowing nature of the Imnaha River.

The NEOH Core Team determined that the concerns raised by the USFS created too much uncertainty regarding the future of the proposed Imnaha Final Rearing Facility (Marks Ranch). A sub-group of the NEOH Core Team developed alternatives in the event that the Imnaha Final Rearing Facility had to be dropped from the NEOH project. Bonneville contracted with an engineering consultant to analyze the sub-group alternatives and to develop additional alternatives. In January 2004 the NEOH Core Team decided to abandon the Imnaha Final Rearing Facility as part of the NEOH project and to support an alternative that called for a 50:50 split of the Imnaha stock between the proposed Lostine River Hatchery and a modified Lookingglass Hatchery.

The preferred alternative was supported by co-managers for several reasons:

- splitting the stock minimizes risks associated with a catastrophic event;
- provides more flexibility for co-managers;
- acceptable "footprint" (the actual area of disturbed ground) of both hatcheries;
- acceptable environmental impact caused by both hatcheries; and
- promotes true co-management and better relationships.

The NEOH core team, with the assistance of FishPro, a Division of HDR Engineering, Inc., developed and analyzed several alternatives to the Imnaha Final Rearing Facility. During meetings held on December 18, 2003 and January 13, 2004 the NEOH core team agreed to split the Imnaha production between the proposed Lostine River Hatchery and the existing Lookingglass Hatchery. All Imnaha adults used for broodstock will be held and spawned at the Lostine River Hatchery. The Imnaha stock will be incubated at the Lostine River Hatchery until the eyed stage, at which point half will be transferred to Lookingglass Hatchery for the remainder of incubation and final rearing.

Upon reaching this agreement, the Preliminary Design Drawings and Preliminary Design Report were revised and the Final Environmental Impact Statement and Biological Assessment were completed. However, two additional federal reviews are pending.

The Biological Assessment (BA) and request for formal consultation was mailed to USFWS and NOAA Fisheries on May 26, 2004. The agencies have has 30 days from receipt of the request for formal consultation to concur with the BA, or notify the submitting party that they do not concur. Within this time frame they also determine if they have enough information to initiate consultation, and if not a request for additional information is made. The formal consultation time frame includes a 90-day period for the agencies to complete the formal consultation, and an additional 45-day period after consultation to prepare its final biological opinion (BO). A copy of the final opinion will be sent to the sponsoring federal agency. Based

on these time periods and our estimation that formal consultation was initiated on June 1, 2004, we are anticipating that a BO will be sent to Bonneville around October 25, 2004.

The Final Environmental Impact Statement was published in the federal register on July 30, 2004 for the Grande Ronde - Imnaha Spring Chinook Hatchery Project. There is a 30-day period before a Record of Decision (ROD) can be written. In addition, Bonneville has requested from the U.S. Forest Service (USFS) a final determination pursuant to Section 7(a) of the Wild and Scenic Rivers Act for the proposed project's components as revised since the Draft EIS. Also, a determination is needed by the Wallowa-Whitman Forest Supervisor on whether to re-authorize the Special Use Permit to the USFWS for the Imnaha Satellite Facility.

On August 3, 2004 the NPT, Confederated Tribes of the Umatilla Indian Reservation, and Oregon Department of Fish and Wildlife submitted step 2 documents to the Council (see attachment - cover letter with attachments). The submittal included the following:

- Revised Preliminary Design Drawings;
- Revised Preliminary Design Report;
- Final Environmental Impact Statement;
- Cost Estimates; and
- Table Outlining Co-Manager Tasks, Responsibilities & Potential Funding Source.

The current submittal focuses on four facilities. Proposed actions include modifications to existing facilities and new construction. The new construction includes a new incubation and rearing facility in the Lostine River basin to accommodate the Lostine stock production (250,000 smolts) and provide adult holding and incubation for the Imnaha stock, and rear half of the total Imnaha production (245,000 smolts). In addition, a new adult capture facility on the Lostine River is proposed. Modification of existing facilities is proposed at Lookingglass Hatchery to accommodate the other stocks (i.e. Upper Grande Ronde 250,000 smolts, Catherine Creek 250,000 smolts, and Lookingglass 150,000 smolts) and the remaining half of the Imnaha stock (245,000 smolts), and the existing Imnaha Satellite Facility (i.e., Gumboot) to improve adult collection and juvenile acclimation.

Analysis

On September 20, 2000 the Council provided a conditional approval to the master plan associated with the project. The Council recommended that Bonneville fund step 2 activities (i.e., preliminary design and environmental review). The approval was conditioned on the project sponsors addressing the nine issues raised by the ISRP, demonstration that the Currently Permitted Program is acceptable to the co-managers, and an MOU is developed that clearly states common goals for the facilities in the basins. As discussed in the previous section, the conditions placed on this project have been addressed.

Though the conditions have been adequately addressed, follow up and additional concerns need to be addressed as part of the decision recommending that the *Northeast Oregon Hatchery Spring Chinook Master Plan* (Project #1988-053-01) move to step 3 activities (i.e. final designs).

Costs

The Council approval of the NEOH Master Plan (step 1) in September of 2000 for the Lostine and Imnaha Spring Chinook incubation and rearing facilities was with the understanding that the project cost for the proposed facilities would approximate $13,860,000. This estimated cost included land acquisitions, capital construction, engineering, administration, inspecting overhead and taxes. It was also qualified with a +/- 35 percent contingency. The 2004 updated and current request for the capital construction is estimated to cost $16,848,637 with a 20 percent level of accuracy. This estimate includes the same elements as presented in 2000 except the capital construction is for modifications to Lookingglass Hatchery and the Imnaha satellite facility, and the construction of the new Lostine facilities (i.e., hatchery and adult trap)[11].

In October 2003, FishPro was contracted to assist the core team in validating and completing the preliminary design for the NEOH project. Prior to this designs and cost figures were based on estimates from Montgomery Watson engineers. FishPro was contracted to concentrate on the existing data, to evaluated the costs and identify potential areas of savings, and to validate the engineering designs and probable construction cost for the step 2 submission to the Council. Due to time and contractual restraints FishPro did not thoroughly review the project, but concentrated on the existing data that had previously been prepared, to evaluate costs and identify potential areas of savings. However, due to the importance of Lookingglass Hatchery and the Imnaha Satellite Facility to the master plan and the proposed new facilities, FishPro did review the required elements of these facilities. In addition, an extensive re-evaluation of the overall rearing program that involved all interested parties was accomplished. It is anticipated by the NEOH Core Team that a detailed review (including biological criteria for the fish, physical plant layout, etc.) of the project would occur in conjunction with developing the final design after the Council approves proceeding to step 3.

Though capital construction elements have changed since the 2000 decision, Council staff feels that the current engineering firm needs to be given the opportunity to review and scrutinize all aspects (biological and physical) of the currently proposed project. The NEOH Core Team also acknowledges this need to fully review previous engineering studies. In addition, Council staff noted elements of the of the preliminary design drawings that seem to be potential areas of concern, are not required elements, and/or were oversights for the proposed facilities (e.g., pumpback system and diversion reach on the Lostine River, a bunkhouse, kitchen and recreation area, laboratory, office-layout and lack of a third residence).

The final design needs to focus on efficient facilities to produce the currently permitted program (CPP). To ensure the appropriate level of review occurs a value analysis team could use a zero based approach and look at goals, objectives, requirements and alternatives that optimize cost and performance. This would require a selection of a multi skilled team with experts that have no vested interest in the NEOH project. This value analysis team would look at all functions of the proposed designs and would examine all aspects of a proposed project and identify alternatives to optimize cost and performance and ensure compliance with project requirements.

[11] It is important to note that the 2000 costs did not reflect capital construction costs associated with Lookingglass Hatchery, Imnaha Satellite facility and the adult trap proposed on the Lostine River.

Based on the need for additional review and scrutiny of the biological and physical aspects of the proposed facilities to meet the CPP, Council staff recommends that an independent value analysis be initiated. This review should provide decision makers alternatives that optimize cost and performance while still ensuring compliance with project goals, objectives and requirements. Though the exercise is a zero based approach the Council's goal would be that the capital construction costs associated with the proposed modifications at Lookingglass Hatchery and the Imnaha satellite facility, and the new construction associated with the new Lostine facilities (i.e. hatchery and adult trap) not exceed the current preliminary estimate of $16,848,637.[12] Costs associated with the independent value analysis are estimated to cost $40,000. In addition, it is understood that fiscal year 2005 capital construction costs will be $1,649,813 for final design and land acquisition /easement, and $458,000 for NPT and ODFW planning. All additional out year costs (e.g. construction, O&M and M&E) will be determined at the time of the step 3 decision anticipated in the summer or fall of 2005.

Monitoring and Evaluation

The nine issues as identified by the ISRP have been fully addressed, including the extensive work that has occurred on the *Monitoring and Evaluation Plan For Northeast Oregon Hatchery Imnaha and Grande Ronde Spring Chinook Salmon Project* (M&E Plan). The ISRP appreciated the quality work of the document and stated it was "an excellent working draft". The ISRP provided additional issues that they felt could be dealt with as the project moves through step 3 (ISRP document 2004-10). The success of the M&E Plan comes at an anticipated cost of $2.4 million. This level of cost and effort is high, but the ISAB/ISRP consider the Yakima, ISS and this project as core projects that are attempting to evaluate supplementation in the Columbia River Basin.

The sponsors recognize the cost and complexity of the proposed M&E Plan and the reliance the plan has on the foundational elements of ongoing projects. Seventeen ongoing projects provide necessary elements to the proposed M&E Plan. The ISRP also touches on this issue with their concern that the " ranking of management questions and objectives by priority" be addressed in the step 3 process.

Council staff considers the scope of the proposed M&E Plan to be one of the most important of the remaining questions that should be addressed in step 3. As proposed, this monitoring program would be a significant addition to the annual funding requirements of the program. The staff recognizes that the proposal stands as it does in response to previous reviews and recommendations and the high degree of caution generally exercised for artificial production programs. However, the region is supporting a significant level of funding for these types of programs generally and the priority of project scale monitoring needs to be viewed with regard to similar efforts elsewhere in the basin, such as the Yakima-Klickitat Fisheries Project, Idaho Supplementation Studies and the Nez Perce Tribal Hatchery.

Project scale monitoring is important to assessing the effectiveness of the project's strategy and adjusting management direction as responses are observed. However, given the

[12] This cost includes land acquisitions/easements, capital construction, engineering, administration, inspecting overhead and taxes.

significant annual cost of the proposed and reviewed approach, the staff believes that the step 3 process should include a clear prioritization of project-specific indicators. This should also include a listing of objectives by priority. This ranking needs to be conducted not only by the co-managers, but the region. This approach is not a criticism of the sponsor's current proposal, but is based on the allocation of regional resources for monitoring requirements in response to the considerable review and guidance the project has received.

Based on this, Council staff recommends that additional understanding is needed regarding the M&E Plan and that a more confirmed regional approach is needed prior to providing additional direction to the M&E efforts in the Grande Ronde and Imnaha basins from the co-managers. It is hopeful that at the time of the step 3 decision additional directions can be provided on the proposed M&E Plan.

Currently Permitted Program and Co-managers Responsibilities

The currently permitted program issue that previously existed seems to have been resolved. The Hatchery and Genetic Management Plans for the Grande Ronde and Imnaha were submitted to NOAA Fisheries in December 2002. This submittal by the co-managers serves as a coordinated modification to the ESA Section 10 permit and details specific information regarding genetic risk management as it relates to the project implementation.

The development of the MOU outlining the administrative, budget, and programmatic relationships between NEOH (as a fish and wildlife program based initiative) and the facilities and goals developed for the LSRCP Program continues to be defined. The NEOH Core Team has developed a MOU-like table (see attachment - cover letter with attachments) that outlines each co-manager's tasks and responsibilities and the current or likely funding source for each activity. It is anticipated that this effort will be refined as the project moves through final design.

Long term funding is also being addressed by BPA, USFWS, and COE. To date a variety of possible options for funding the NEOH project, including direct funding by BPA, and funding through appropriations to the COE as well as to USFWS has been reviewed. This review included the evaluation of options based on the timeline to construction, the impacts to ratepayers and BPA budgets, and what precedents might be set for capital funding of LSRCP in the future. Some of the options include seeking appropriations (for either COE or USFWS) or BPA direct capital funding, or some combination of these. It appears that if this project is to be funded and to be funded in a timely manner the best likely hood of receiving funds is through BPA's F&W direct Capital Budget Program. This conclusion is based on the NEOH project (improvements to Lookingglass and other existing LSRCP facilities, as well as new facilities at Lostine) are all LSRCP facilities (i.e., are ultimately consistent with and for the purpose of mitigating the effects of the lower Snake River projects), all options will need to be responsive to changes in hatchery management that may be triggered by on-going processes (e.g., APRE and HGMP's), and that all options will need to be consistent with BiOp RPAs.

Council staff recommends that the Currently Permitted Program and documents that provide Co-managers Responsibilities be continued to be developed and tracked as the proposal proceeds through step 3. At the time of the step 3 decision the co-managers will confirm and fully support all aspects of the production and funding associated with the NEOH proposal.

Artificial Production Review and Evaluation

The current draft of the Artificial Production Review Evaluation (APRE) issue paper outlines the need to support the ongoing hatchery review forum and process -- to better integrate artificial production assessments and reform into on-going subbasin planning and implementation and into project review and funding; to integrate and synchronize local subbasin objectives for artificial and natural production with regional, basin wide, national and international production objectives and policies; to identify and address conflicts between various programs; to set priorities for reform and focus reform efforts, and to assess the feasibility of proposed actions -- so that the work accomplished so far in the APRE can be taken the next step, and not grow stale for non-use.

As part of the step 1 review the sponsors fully addressed the ten policies of the Artificial Production Review, Report and Recommendations (Council document 1999-15). In addition, as part of the APRE exercise all 8 groups (i.e., 3 conventional and 3 captive associated with the Grande Ronde, and conventional associated with Lookingglass and Imnaha) associated with the 5 stocks (i.e., Imnaha River, Grande Ronde River, Catherine Creek, Lostine River and Lookingglass Creek) were evaluated for opportunities to reduce risk, increase survival and/or increase program efficiency. Overall, the APRE report (Council document 2003-17) demonstrates that the majority of the opportunities and efficiencies have been addressed or well be as part of the NEOH proposal. Items such as rearing densities, and relationship of size/growth rate to natural fish for some of the stocks are being addressed as part of the NEOH project. Other items identified in the APRE report have been implemented such as broodstock protocols and incubation parameters.

The NEOH project is an example of the ongoing reform and updates that artificial production facilities may need to address as they continue to integrate with the needs of the subbasin. It is anticipated that the APRE will continue to provide this guidance to the region.

Subbasin Planning

The Grande Ronde and Imnaha subbasin plans were submitted for review on May 28, 2004 and have now received public comment and reports from the ISRP. The incorporation of NEOH goals and objectives by those subbasin plans is an important consideration as the Council moves through the adoption process for the plans. The project's goals and objectives are well established at this point and have been supported through independent scientific review. The staff expects that, as part of the subbasin approval process, the Council will need to decide how the artificial production element of the Imnaha and Grande Ronde subbasin plans support the NEOH program.

Attachment 1: Cover letter (and attachments, and letter received from the USFWS on July 19, 2004), received on August 3, 2004, from the Nez Perce Tribe, Confederated Tribes of the Umatilla Indian Reservation, and Oregon Department of Fish and Wildlife regarding the step 2 documents and submittal.

July 26, 2004

Mark Fritsch
Northwest Power and Conservation Council
851 S.W. Sixth Avenue
Suite 1100
Portland, OR 97204-3621

Dear Mark:

The NEOH Core Team is pleased to submit the Northeast Oregon Hatchery (NEOH) Project Step-2 documents to the Northwest Power and Conservation Council. These documents include the:

- Revised Preliminary Design Drawings
- Revised Preliminary Design Report
- Final Environmental Impact Statement – scheduled to be published in the federal register on July 30, 2004
- Cost estimates for construction of new facilities and modifications of existing facilities, annual facility operation and maintenance, and monitoring and evaluation activities; and
- A table outlining co-manager tasks, responsibilities and potential funding source.

The Northeast Oregon Hatchery Project Spring Chinook Master Plan (Ashe et al. 2000), describing a production program for ESA-listed spring Chinook in the Imnaha and Grande Ronde River subbasins, was approved by the Northwest Power and Conservation Council on September 20, 2000 and gave authorization to proceed with Step-2 planning activities (environmental analysis and preliminary design).

In August 2001, Montgomery Watson Harza, engineering consultants, completed Preliminary Design Drawings and Preliminary Design Report. These documents were reviewed by the Independent Science Review Panel (ISRP) in December of 2001 along with Responses to Issues Raised by the ISRP and NPCC at the completion of Step-1.

As a result of the December 2001 review (ISRP 2001-12C), there were a number of concerns expressed by the ISRP regarding the NEOH Project. The NEOH Core Team responded to ISRP concerns in May 2003. A substantial time lag occurred between the ISRP review and response by the NEOH Core Team because during this time period NEOH project environmental review changed from an Environmental Assessment (EA) to an Environmental Impact Statement (EIS). The ISRP responded in August 2003 (ISRP 2003-12) and expressed satisfaction with some issues but still had outstanding concerns, primarily associated with the Monitoring and Evaluation (M&E) Plan.

The NEOH Core Team addressed these concerns in October 2003. A meeting was arranged and facilitated by NPCC staff on October 27, 2003 between members of the NEOH Core Team and the ISRP. This meeting was very beneficial and provided the Core Team with a better understanding of the remaining ISRP concerns. The NEOH Core Team re-submitted an M&E plan on March 1, 2004 for ISRP review. On May 18, 2004, the ISRP responded and stated that the M&E Plan "… is an excellent working draft of a stand-alone M&E Plan for the NEOH hatchery Imnaha and Grande Ronde subbasin spring Chinook salmon program." (ISRP 2004-10).

The Draft Environmental Impact Statement (EIS) for the NEOH project was completed in May 2003 and provided to state and federal regulatory agencies for review. In August 2003, the U.S. Forest Service raised concerns over the effects of the project on values related to the Wild and Scenic River Act. These concerns in addition to estimated construction costs of this facility resulted in the NEOH Core Team abandoning the proposed Imnaha Final Rearing Facility on the Imnaha River. This resulted in a need to modify the proposed program to accommodate the production component that was to occur at the Imnaha Final Rearing Facility.

The NEOH core team, with the assistance of FishPro, a division of HDR, engineering consultants, developed and analyzed several alternatives to the Imnaha Final Rearing Facility. During meetings held on December 18, 2003 and January 13, 2004 the NEOH core team agreed to split the Imnaha production between the proposed Lostine River Hatchery and the existing Lookingglass Hatchery. All Imnaha adults used for broodstock will be held and spawned at the Lostine River Hatchery. The Imnaha stock will be incubated at the Lostine River Hatchery until the eyed stage, at which point half will be transferred to Lookingglass Hatchery for the remainder of incubation and final rearing.

Upon reaching this agreement the Preliminary Design Drawings and Preliminary Design Report were revised and the Final Environmental Impact Statement (FEIS) and Biological Assessment were completed. As noted above, the FEIS is scheduled to be published in the federal register on July 30, 2004.

In addition to the preliminary cost estimates for construction of NEOH facilities, the NEOH Core Team has developed estimates for outyear Operations and Maintenance and Monitoring and Evaluation. It is envisioned that as the NEOH project moves through Step-3, Final Design, that these cost estimates will be refined.

Lastly, the NEOH Core Team has developed a MOU-like table that outlines each co-manager's tasks and responsibilities and the current or likely funding source for each activity. This table too will be refined as the NEOH project moves through final design and as decisions are made by the funding agencies and co-managers.

Throughout the Step-2 process the NEOH Core Team has had to deal with difficult issues and make some hard decisions. The co-managers agreed early in the process that in order for the project to move forward there had to be a consensus reached. Compromises were made and agreements were reached at various stages of project development. On each occasion the co-managers developed alternatives to the issue at hand, discussed the alternatives in great detail, reached a consensus, and the project moved forward. The NEOH Core Team pledges to continue to work cooperatively as the NEOH project moves into Step-3 (Final Design), construction, and eventually operation.

In this spirit of cooperation, we respectfully submit this Northeast Oregon Hatchery Project package for Step-2 review and approval.

_____
Allen Slickpoo, Jr.
Chairman, F&W Subcommittee
Nez Perce Tribe

_____
Jay Minthorn
Chairman, F&W Committee
Confederated Tribes of the Umatilla Reservation

_____
Ed Bowles
Fish Division Administrator
Oregon Department of Fish and Wildlife

Cost Estimates

Attached is a comprehensive outline of cost estimates for the Northeast Oregon Hatchery Project including: project costs to date and future project costs (final design, construction, construction oversight and management, outyear operation and maintenance and monitoring and evaluation costs).

In summary, the estimated cost for:

- Final design planning and drawings, land acquisition and easements is -$2,433,813.

- Capital construction (modifications to Lookingglass and Imnaha satellite facility and new Lostine River Hatchery and adult collection facilities), construction management, inspection and capital startup costs is - $16,989,321.

- Annual operations and maintenance(O&M) (beginning in FY07) is estimated at - $676,154. Outyear costs, which considered inflation, were calculated through FY11. This amount is only for O&M of the new Lostine River Hatchery and adult collection facility. O&M for Lookingglass Hatchery and the Imnaha satellite facility are funded through the Lower Snake River Compensation Plan program (LSRCP). Bonneville Power Administration (BPA) currently funds the operation and maintenance of an existing Lostine River Acclimation and Adult collection facility (Project 199800702) for $336,686 in FY04. The acclimation facility will be disassembled following construction of the Lostine River Hatchery. Therefore, the cost to operate the new facilities ($676,154) would replace the cost to operate the existing facilities ($336,686) resulting in a net increase of $339,468 for O&M.

- Annual monitoring and evaluation (M&E) (beginning in FY07) is - $2,413,449. Outyear costs, which considered inflation, were calculated through FY11. This amount is primarily for new monitoring and evaluation activities associated with the comprehensive Monitoring and Evaluation Plan for Northeast Oregon Hatchery Imnaha and Grande Ronde Subbasin Spring Chinook Salmon – not solely M&E activities involving the new or modified hatchery facilities. BPA currently funds the M&E of the Lostine River Acclimation and Adult collection facility (Project 199800702) for $258,526 which was incorporated into the $2,413,449 estimate. Therefore, the net increase for M&E of the entire program would be $2,154,923. This estimate assumes that ongoing M&E activities already funded by BPA and LSRCP that provide a large portion of the information will continue to be funded at current levels.

Northeast Oregon Hatchery (NEOH) FY2005 - FY2012 Project Costs
Summary Sheet

	To Date (5/25/04)	FY05	FY06	FY07	FY05-07 Subtotals	FY08	FY09	FY10	FY11
I. Planning	**5,108,462**								
BPA Projected ***		389,000	389,000	389,000					
		389,000	**389,000**	**389,000**	**1,167,000**				
II. Land Acquisition & Easements	**523,320**								
Imnaha Satellite Facility									
Lostine River Hatchery		450,000							
Lostine Adult Collection		50,000							
Lookingglass Improvements									
		500,000			**500,000**				
III. NEPA/ESA	**494,320**								
IV. Design	**1,266,431**								
Imnaha Satellite Facility		131,808							
Lostine River Hatchery		834,395							
Lostine Adult Collection		107,232							
Lookingglass Improvements		76,378							
		1,149,813			**1,149,813**				
V. Construction Costs									
Imnaha Satellite Facility		329,520	659,040	659,040					
Lostine River Hatchery		2,085,988	4,171,976	4,171,976					
Lostine Adult Collection		268,080	536,160	536,160					
Lookingglass Improvements		190,944	381,888	381,888					
		2,874,532	**5,749,064**	**5,749,064**	**14,372,661**				
VI. Construction Management									
Imnaha Satellite Facility		19,771	39,542	39,542					
Lostine River Hatchery		125,159	250,319	250,319					
Lostine Adult Collection		16,085	32,170	32,170					
Lookingglass Improvements		11,457	22,913	22,913					
		172,472	**344,944**	**344,944**	**862,360**				
VII. Construction Inspection									
Four Site Inclusive		30,000	60,000	60,000					
		30,000	**60,000**	**60,000**	**150,000**				
VIII. TERO									
NPT 1.5%		43,118	86,236	86,236					
CTUIR 1.0 %		28,745	57,491	57,491					
		71,863	**143,727**	**143,727**	**359,317**				

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Northeast Oregon Hatchery (NEOH) FY2005 - FY2012 Project Costs
Summary Sheet

	To Date (5/25/04)	FY05	FY06	FY07	FY05-07 Subtotals	FY08	FY09	FY10	FY11
IX. Startup Costs (Capital Funds)									
Imnaha Satellite Facility *									
Lostine River Hatchery				392,300					
Lostine Adult Collection									
Lookingglass Improvements *									
Waste Management Permit				25,000		25,000			
Startup Assistance (four sites)						82,000			
O&M Manual (four sites)				40,000		40,000			
				457,300	**457,300**	**147,000**			
X. Operation and Maintenance									
Imnaha Satellite Facility *									
Lostine River Hatchery						676,154	696,439	717,332	738,852
Lostine Adult Collection									
Lookingglass Improvements *									
						676,154	**696,439**	**717,332**	**738,852**
XI. Monitoring & Evaluation									
Imnaha Satellite Facility									
Lostine River Hatchery						2,413,449	2,383,461	2,525,906	2,594,521
Lostine Adult Collection									
Lookingglass Improvements									
						2,413,449	**2,383,461**	**2,525,906**	**2,594,521**
FISCAL YEAR TOTALS		**5,187,680**	**6,686,735**	**7,144,035**		**3,236,603**	**3,079,899**	**3,243,238**	**3,333,373**
5/25/04 To Date Total	**7,392,533**			FY05-07 Total	**19,018,450**				

FY05-07 total plus FY08 Startup Cost **19,165,450**

* Funded Outside This Project
** Capital Funds
*** Costs associated with project #1988-053-01, contract number 4034.

Final Design, Land Acquisition and Easements (Capital)	**2,816,813**	**19,165,450**
Capital Construction, Management, Inspection, & Capital Startup plus TERO (Capital)	**16,348,637**	
Annual Operations & Maintenance (Initial)	**676,154**	
Annual Monitoring & Evaluation (Initial)	**2,413,449**	

This is the sum of line items II, IV, V, & VI and equates to the Step 2 Report Table 9-1 total. **16,884,834**

Note: To Date costs and line items I through IX costs are considered to be Capital Funds.

Sheet (A) NEOH Summary Page 2 of 2

Table 1. Current scenario and anticipated scenario following NEOH construction of hatchery facilities involved in propagation of Imnaha and Grande Ronde spring Chinook programs, primary manager/operator, and funding source.

Task – Facilities	Current Operations Scenario		Anticipated Oper
	Primary Operator	Funding Source	Primary Operator
Adult Collection			
Upper Grande Ronde weir	**CTUIR**	**F&WP 199800703**	**CTUIR**
Catherine Creek weir	**CTUIR**	**F&WP 199800703**	**CTUIR**

Lostine River weir[1]	**NPT**	**F&WP 199800702**	**NPT**
Lookingglass Creek weir	**ODFW/CTUIR**	**LSRCP/199800703**	**ODFW/CTUIR**
Imnaha River Satellite facility	**ODFW**	**LSRCP**	**ODFW**
Spawning			
Lookingglass Hatchery[2]	**ODFW/NPT/CTUIR**	**LSRCP/199800702/199800703**	**ODFW/CTUIR**
Lostine River Hatchery[3]			**NPT/ODFW**
Incubation & Juvenile Rearing			
Lookingglass Hatchery[2]	**ODFW**	**F&WP and LSRCP**	**ODFW**
Oxbow Hatchery (captive & conventional)	**ODFW**	**LSRCP**	**ODFW (captive only)**
Irrigon Hatchery	**ODFW**	**LSRCP**	
Captive broodstock rearing			
Wallowa Hatchery	**ODFW**	**F&WP**	**ODFW**
Bonneville Hatchery	**ODFW**	**F&WP 199801001**	**ODFW**
Manchester Marine Lab	**NMFS**	**F&WP 199606700**	**NMFS**
Acclimation			
Upper Grande Ronde acclimation facility	**CTUIR**	**F&WP 199800703**	**CTUIR**
Catherine Creek acclimation facility	**CTUIR**	**F&WP 199800703**	**CTUIR**
Lostine River Hatchery[4]	**NPT**	**F&WP 199800702**	**NPT**
Imnaha River Satellite facility	**ODFW**	**LSRCP**	**ODFW**
Fish Health (all life stages and facilities)	**ODFW**	**LSRCP/198800704**	**ODFW**

Task – Facilities	Current Operations Scenario		Anticipated Operat
	Primary Operator	Funding Source	Primary Operator
Transportation-Adults			
Upper Grande Ronde	**CTUIR**	**F&WP 199800703**	**CTUIR**
Catherine Creek	**CTUIR**	**F&WP 199800703**	**CTUIR**
Lostine	**NPT**	**F&WP 199800702**	**NPT**
Imnaha	**ODFW/NPT**	**LSRCP**	**ODFW/NPT**
Transportation-eggs, fry, pre-smolts and smolts			
Upper Grande Ronde	**ODFW**	**LSRCP/ 199800704**	**ODFW**
Catherine Creek	**ODFW**	**LSRCP/ 199800704**	**ODFW**
Lostine	**ODFW**	**LSRCP/ 199800704**	**ODFW**
Imnaha	**ODFW**	**LSRCP/ 199800704**	**ODFW**
Fish Marking (Ad, CWT, PIT, VIE)			
Lookingglass Hatchery	**ODFW**	**LSRCP**	**ODFW**
***Lostine River Hatchery*[3]**	**NPT**	**LSRCP**	**NPT**

[1] The Nez Perce Tribe currently operates an adult weir and trap on the Lostine River. A new adult collection facility is proposed for construction through the NEOH proposal on the Lostine River upstream of the existing weir. The Nez Perce Tribe would operate this new facility.

[2] Lookingglass Hatchery is operated by Oregon Department of Fish and Wildlife. The Nez Perce Tribe and Confederated Tribes of the Umatilla Indian Reservation have funding to assist with activities at the hatchery. Modifications would be made to Lookingglass Hatchery through the NEOH proposal.

[3] The Lostine River Hatchery is a new facility proposed for construction through the NEOH proposal.

[4] The Nez Perce Tribe currently operates and acclimation facility on the Lostine River. If the Lostine River Hatchery facility is constructed the existing acclimation facility would be disassembled. Fish reared at the Lostine River Hatchery would be released directly from the hatchery into the Lostine River.

Northwest Power and Conservation Council July 12, 2004
Attention: Mark Fritsch
851 S.W. Sixth Avenue
Suite 1100
Portland, Oregon 97204-3621

Dear Council Members and Staff:

We are writing to confirm that the LSRCP Program Office, U.S. Fish and Wildlife Service, continues to support the NEOH Project and looks forward to working with the Nez Perce and Umatilla Tribes, Oregon Department of Fish and Wildlife, Bonneville, and the Council in the next phase of planning. Our goal is a well designed NEOH Project which helps the LSRCP Program meet its compensation, conservation, and Tribal Trust responsibilities. With this goal in mind, we would like to share a few thoughts with you as we prepare to enter the final design phase.

First, we want to provide a little background and context and briefly discuss our goals for integrating the NEOH project with the LSRCP Program. As you know, the LSRCP was authorized to compensate for adult salmon and steelhead losses associated with the construction and operation of the four lower Snake River dams. Although the original legislation focused primarily on mitigating fisheries, cooperative efforts over the last decade have resulted in adding conservation goals (e.g. use of releases and adult returns to augment naturally spawning populations), making adjustments to meet specific US vs Oregon production objectives, and addressing listed species concerns. The conservation efforts at some LSRCP facilities resulted in modified rearing practices (e.g. reduced rearing densities) which have often resulted in fewer fish being reared and released than originally planned. Other changes have been made, of course, including changes in breeding protocols, fish size at release, release sites, and methods of release.

The Nez Perce and Umatilla Confederated Tribes and Oregon Department of Fish and Wildlife have been leaders and innovators in developing and implementing conservation efforts in the Grande Ronde and Imnaha basins while still focusing on the adult return goals and retaining opportunities for compensating tribal and non-tribal fisheries. Recent efforts to conserve and manage listed Chinook in the Grande Ronde and Imnaha basins resulted in lowered rearing density objectives than originally envisioned at Lookingglass FH, making it impossible for the facility to meet its targeted releases. The new and modified facilities and monitoring and evaluation plans described in the NEOH Step 2 document are proposed to help the LSRCP Program fully meet its juvenile release targets for the Grande Ronde and Imnaha basin programs and adult return goals to the Snake River basin, while addressing some very important supplementation efficacy questions of interest to all fisheries managers and scientists in the Columbia Basin.

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Because the proposed NEOH Project will add new and improve existing facilities to the Service's LSRCP Program and help achieve its goals, we have a responsibility to help ensure that it is a success. A few years ago we drafted a list of principles to use in developing an MOU with Bonneville which described Service and Bonneville roles in NEOH planning and implementation. Our goals in developing the principles were to ensure any new or modified facilities and new evaluations were adequate and appropriate for the LSRCP Program and the programs would be reliably and adequately funded. Although a draft MOU was produced but never finalized, we stand by the original principles. They are fairly simple: to work with the core study team in the development of feasibility and final designs; to collaborate with BPA in approving a final design to ensure the facilities will achieve expectations; to cooperate with Bonneville and the core team to help manage the construction phase; and, when the project is completed, to incorporate funding for all appropriate NEOH O&M and M&E costs into the ongoing Service/Bonneville LSRCP MOA. We are now engaged with the state, tribes, and Bonneville to address the latter issue and will soon be meeting with Council staff to discuss alternatives we have developed.

Second, we believe there will be issues to be addressed before or during the final design or Step 3 phase. Among these are responding to questions and concerns Council or Council staff may have regarding designs or costs; Bonneville's Section 7 consultation with the NOAA Fisheries and the Fish and Wildlife Service on habitat impacts associated with construction and operation of new or modified facilities; finalizing the monitoring and evaluation plan; and coordinating this effort with ongoing regional planning activities. Regarding the first two items, the number, location, and design of NEOH facilities described in the Step 2 submittal were a product of the criteria and objectives developed and agreed to by the core study team, e.g. rearing density goals, turnover rates, number of rearing containers for disease segregation and evaluations, distribution of stocks among facilities, etc. Obviously, these criteria and objectives influence facility construction and operations costs, monitoring and evaluation costs, and environmental costs (e.g. the amount surface water needed). If there are any questions regarding the proposed design or the associated costs, or significant adverse habitat impacts are identified by NOAA or the Service during consultation, we will work with the study team, Bonneville, and the engineering contractor to make any necessary adjustments to the plan which will allow the new and modified facilities to produce the quality and quantity of fish needed to make this project successful.

The monitoring and evaluation plan is a critical element of the proposed project and was also factor affecting the design and location of facilities. While the ISRP responded positively to the proposed M&E plan ("…an excellent working draft…"), they had a few concerns which they stated needed to be addressed during Step 3. Again, we will work with all parties to help address their concerns, keeping in mind the purpose of this project and the overall goals and objectives of the LSRCP Program.

The Service is currently consulting with NOAA Fisheries on the operations and evaluations of the overall LSRCP Program, collaborating with others in sub-basin planning process, and working with co-managers to renegotiate the US vs Oregon's Columbia River Fisheries Management Plan. We will work with the planning team to ensure that the new and modified facilities described in the NEOH plan are integrated into the LSRCP Programmatic Biological Opinion, NOAA Fisheries' ESA recovery plans, ongoing US v Oregon renegotiations, final sub-basin plans, and any other long-term Columbia Basin-wide plans. This integration is necessary so the project can be prioritized for construction funding under the Fish and Wildlife Program

and operations and evaluations funding under both the Fish and Wildlife and LSRCP programs. Prioritizing new fish conservation, mitigation, or enhancement actions is a difficult issue in the Columbia Basin because of the limited funding and the large number of proposals.

We look forward to continuing to work with you, Bonneville, the Nez Perce and Umatilla tribes, and Oregon Department of Fish and Wildlife on this important project. Please let us know if you have questions.

Sincerely,

Dan Herrig
LSRCP Coordinator

cc: Dave Johnson and Becky Ashe, Nez Perce Tribe
Ed Bowles, Bruce Eddy, and Scott Patterson, ODFW
Gary James and Brian Zimmerman, CTUIR
Ken Kirkman and Greg Baesler, BPA
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