

Judi Danielson
Chair
Idaho

Jim Kempton
Idaho

Frank L. Cassidy Jr.
"Larry"
Washington

Tom Karier
Washington



Melinda S. Eden
Vice-Chair
Oregon

Gene Derfler
Oregon

Ed Bartlett
Montana

John Hines
Montana

November 9, 2004

MEMORANDUM

To: Fish and Wildlife Committee Members

From: Council Staff

Subject: Discussion of project review and selection process for Fiscal Year 2006 and beyond

I. Introduction

At the October meeting the Council's Fish and Wildlife Committee had an introductory discussion with Council staff regarding the next project selection process, implementation of subbasin plans and the Fish and Wildlife Program. Council staff has continued to discuss these topics. An alternative for your consideration is presented. The staff is *not* asking the Fish and Wildlife Committee to make a decision at the November meeting on the future project review process, just to continue the discussion and provide direction to the staff for its continued work.

II. Background

The Council initiated a three-year sequential provincial review process in 2000 that solicited project proposals by province and provided three-year project funding recommendations to the Bonneville Power Administration. The initial round was completed in 2003 when the Council adopted recommendations for the Mainstem/Systemwide projects. The initiation of another round of province-based project selection has awaited the completion of subbasin plans so that the adopted plans can be used as a basis for project selection.

The 2000 Fish and Wildlife Program defined project solicitation, review and selection based on needs identified at the provincial and subbasin scale. Future provincial-based project selection processes were to be sequenced over several years to better focus on a limited number of provinces and subbasins each year and allow for a more in-depth review of proposed projects. With the first subbasin plans scheduled for adoption this coming December, the staff has discussed issues for beginning a new selection process to implement the subbasin plans.

Prior to the Regional Coordinating Group (RCG) meeting on November 1, 2004, the staff had discussed three alternatives for the next project selection process and implementation of subbasin plans, as outlined in the staff memo to the RCG dated October 26, 2004. The three alternatives discussed in the memo are 1) a traditional province review, 2) a condensed provincial review (with two possible solicitation scenarios) and 3) a basinwide solicitation and review. Any of those three options could start in FY 2006. The discussion at the RCG meeting on this subject centered on option 2, a condensed provincial review, coupled with a concurrent review of the mainstem/systemwide group of projects¹. One of the main discussion topics with the RCG focused on the timing of the next provincial review -- should it be scheduled for completion in FY 2006 or FY 2007? Members of the RCG provided the staff with feedback that the working concept of a staggered province-based review process had merit, but many RCG representatives suggested that there is preliminary work that should be completed prior to initiating a provincial review and project selection. Two elements of particular interest were setting province level objectives and establishment of funding allocations for each province. The RCG plans to meet again in January of 2005 for further discussion with Council staff. Additional comment from the region on these issues is expected from the Council's request for additional comment on issues related to the Program Amendment Process.

III. Discussion

The Council staff proposes a project selection process that is consistent with the 2000 Fish and Wildlife Program, will incorporate regional coordination efforts related to research, monitoring and evaluation and artificial production, will implement subbasin plans and local priorities as soon as possible, will re-establish a process that is consistent and predictable, and will be sustainable through the next long term funding agreement. The staff believes that the rolling provincial review process as designed for the 2000 Fish and Wildlife Program meets these objectives and is the best mechanism for soliciting and reviewing projects in the long term. However, a key questions for the staff and Council is whether to start the province-based review and implement in FY 2006 or FY 2007. The answer depends on how well positioned we are to shape the fundamental elements of a province-based review: The fundamental elements include:

- The sequence of the review (who is first, who is last)
- The schedule for completing the full cycle
- The province funding allocations (including an allocation or "placeholder" for mainstem/systemwide projects)
- Identification of the appropriate process for needs identification and prioritization within the allocation

For a province review initiated for FY 2006:

- Sequence -- staff could develop a sequence based on adoption status of subbasin plans and BiOp needs (as we understand them).

¹ It is important to remember that subbasin plans, at least in their current state of development, do not guide mainstem/systemwide projects, and similarly, those projects are not in a "province". Therefore, if the Council is going to review mainstem/systemwide projects, a companion process focused on those types of projects must be initiated.

- Schedule -- would assume that all subbasin plans are adopted on schedule and that BiOp needs are made final within the next three months. Would develop an overlapping province review and aggressive schedule to minimize delay between adoption and application of subbasin plans. This may present challenges for many trying to participate in several province reviews simultaneously.
- Allocation would need to be established prior to the province review. One alternative would be based on historical spending as was the case in the last provincial review, with adjustments made for new BiOp needs and “equitable” adjustments in cases where funding was not provided in the last provincial review (thinking most about those provinces that anticipated capital funds being committed). The allocation scheme would have to predict what Bonneville’s direct program commitment would be in the next rate period.
- Local processes -- The Council would ask each state to develop a process to identify implementation needs for subbasin plans to inform a solicitation, and to also develop the process for prioritizing the projects within the province allocation that has been set. The single requirement for the process coming from the Council would be to require that the tribes be involved appropriately.

For a province review initiated for FY 2007:

- Sequence -- all subbasin plans will be adopted, so sequence could be driven by strength of plans (as opposed to mere completion). The sequence may be informed by “roll-up” or integration work done if subbasin plans are reviewed as a collective body of work.
- Schedule would likely be staggered, with more time for each province (because plans would have been used in the basinwide review in FY 06 discussed below).
- Allocation -- could be based on the same factors above (historical, BiOp, equity) with the possible addition of priorities developed after reviewing subbasin plans as a collective body of work (“roll up”) and/or setting province scale objectives. The allocation scheme would be devised knowing what Bonneville’s direct program commitment is because that figure will have been matured in MOA and rates proceedings. Mainstem/systemwide allocation may be informed by more developed regional PNAMP, data management, and research activities.
- Local processes -- The Council, states, tribes, and others would spend more time defining the attributes of processes used for local needs identification and prioritization processes.

After discussing all of the considerations mentioned above, the staff has developed and would like to discuss the following alternative with the Committee. This alternative would launch the provincial review in FY 07. We proposed that preliminary basinwide work could occur in FY 2006. FY 2006 could essentially be a transition year, but not *only* a transition year. A basinwide solicitation in FY 2006 would:

- bring all work (habitat, production) under a consistency review with adopted subbasin plans;
- provide progress report for ongoing projects;

- sort proposals and work elements to determine how review of these will occur;
- reconfigure project definition to work with Bonneville's Process Improvement Initiative and PISCES;
- scrutinize and link M&E projects and elements of projects, research projects, and coordination projects. Objective would be to link these work areas to ongoing regional development;
- solicit for new BiOp work (balanced with the program) and if possible;
- define and target specific types of work or areas with any remaining funds (for example: target solicitation for new best habitat work identified in plans).

Under this alternative, the recommendations and approvals would last until the province review within which the project fits is completed.