

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

December 7, 2004

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch

SUBJECT: Within-year Project Budget Adjustments

Action

On December 3, 2004 the Council staff received a letter from Bonneville seeking the Council's concurrence for within-year budget adjustments associated with *Oregon Fish Screen Project*, Project 1993-066-00 and *John Day Watershed Restoration Program*, Project 1998-018-00 (see attachment 1). These requests are in accordance to the Budget Oversight Group (BOG) process for budget adjustments. At your meeting on December 13 - 16 Council staff will present an overview of the requests and will seek a favorable recommendation.

Recommendation

Council staff has confirmed that the two within-year adjustments are positioned to be fully implemented in Fiscal Year 2005 and address opportunities that should not be lost. This recommendation is conditioned on the understanding that the two projects qualify for capital funds and that current accounting for Fiscal Year 2004 and 2005 demonstrate that adequate capital funds are available to address these requests.

Background

Bonneville, the Council staff and the Columbia Basin Fish and Wildlife Authority have formed a Budget Oversight Group (BOG) to conduct a budget tracking process for the current fiscal year. It is anticipated that this process will be used to track budgets and modification requests through the fiscal year. As you may recall this process was presented to the Fish and Wildlife Committee in October by staff from all three entities.

On November 10, 2004 the Budget Oversight Group (BOG) met for the second time in the current fiscal year and reviewed 38 requests. The BOG determined that the majority of the requests were reschedules, but 10 of the requests were for within-year adjustments. The staff concluded that of those 10, only two were appropriate to recommend action on now because they can be funded from Bonneville's capital budget. The following are the two capital requests.

Oregon Fish Screen Project , Project 1993-066-00

The project was reviewed and approved as part of the Columbia Plateau provincial review decision on November 8, 2001. At that time the project received a budget recommendation of \$660,870 for Fiscal Year 2002, \$680,696 for Fiscal Year 2003 and \$701,117 for Fiscal Year 2004. As a capital project, the original recommended funding levels have been maintained. The recommended budget in Fiscal Year 2005 remained at the \$701,117 level.

The project provides immediate and long-term protection for anadromous and resident fish species in the John Day and adjoining basins by installing and replacing out of date fish protection and passage devices on private irrigation diversions and dam structures. The goal of the project is to accomplish at least 20 fish screen replacements and one passage project per year. The project maintains its implementation schedule with a combination of funding from Bonneville, Oregon Watershed Enhancement Board (OWEB), and National Marine Fisheries Service/Mitchell Act (NOAA Fisheries/ Mitchell Act). The funding for the program approximates a one third cost share from each funding entity.

In May 2004, the sponsors had anticipated funding reductions from other sources. This was primarily due to OWEB reprioritizing screening in bull trout areas. Due to this cost share reduction, the sponsor requested an increase in funding from BPA.¹ BPA funds have never been adequate, on their own, without other cost share sources (OWEB)(NOAA/MA) to accomplish the goal of at least 20 fish screen replacements and one passage project per year. There have been funding reductions from the cost shares sources and there will be no OWEB funds available for replacement screens within the anadromous areas of the John Day basin. In addition, Mitchell Act funds (NOAA) have been held static for several funding cycles now and are only adequate to fund the O&M program.

The sponsors have determined that without the requested funds, they would be able to replace only eight screens per year instead of the 20 per year as specified in the BiOp. By not meeting the goal of 20 screen replacements per year, recovery of two listed species (Columbia River bull trout and Mid-Columbia ESU steelhead) will be further delayed. The primary purpose of fish screening devices is to prevent downstream migrating anadromous fish and resident species from being diverted into irrigation ditches where they will either perish due to high water temperatures or total dewatering or be unable to complete their migration to the ocean.

John Day Watershed Restoration Program, Project 1998-018-00

The project was review and approved as part of the Issue summary for the Columbia Plateau provincial review decision on November 8, 2001. At that time the project received a budget

¹ Though the FY 2005 recommended budget was \$701,117 the sponsor on May 28, 2004 had requested to \$941,117 from Bonneville.

recommendation of \$447,050 for Fiscal Year 2002, \$462,250 for Fiscal Year 2003 and \$477,966 for Fiscal Year 2004. As a capital project, the original recommended funding levels have been maintained. A rescheduled adjustment of \$182,650 was approved as part of the FY 2004 budget resulting in a Fiscal Year budget of \$660,616. The recommended budget in Fiscal Year 2005 remained at the original Fiscal year budget level of \$477,966.

The project goals are to improve water quality and quantity, aquatic habitat and fish production; reduce bank instability, sedimentation, bedload movement, and summer water temperatures thereby improving water quality, reducing or eliminating migratory delays from passage impediments, and improving riparian condition.

Current landowner cooperation has provided an opportunity to address two substantial projects in the basin. The first is the Cummins project that will eliminate all passage barriers on the lower South Fork John Day River by replacing all push up dams with lay-flat stanchions² (consolidating the number of dams from nine to seven), replacing a large water diversion with a pump station and relocating the intake downstream, eliminating five miles of the old conveyance ditch (from the 1890's) associated with the diversion. In addition, more water will remain in the channel. Sponsors estimate that the old ditch takes approximately 15cfs to deliver the 5cfs to the user. Total cost associated with this project is \$350,000. The second project is the Silva Project that addresses a major passage barrier (i.e., push-up dam) on the mainstem of the John Day and will require \$120,000 to complete. The total cost for these projects is \$470,000 and with a current budget approved for 2005 of \$477,966, it leaves no funding for other project tasks. The sponsors have concerns that without additional funding they will have to significantly reduce the potential scope of work for 2005 and possibly lose the current and future opportunities to work with the landowners in the basin.

Analysis

As you may recall at your meeting of February 17 - 18, 2004, the Council confirmed its continued support for all of the Provincial Review project recommendations and supported rescheduling requests and recommended that Bonneville was in the best position to determine the current status of project work and identify available room within the fiscal year budget to apply the rescheduling concept fairly.

On November 10, 2004 the Budget Oversight Group (BOG) met to review requests for budget adjustments. Of these requests reviewed 10 were confirmed to be within-year adjustments and the remaining were rescheduled and returned to Bonneville.

It was determined by the BOG that at this point in the 2005 Fiscal Year only the two within-year requests that are capital can be addressed. This determination was based on the capital accruals in Fiscal Year 2004 total only \$8,513,853 and the capital expenditures as of November 30, 2004 of \$258,470.

² These permanent structures consist of a concrete pad installed at riverbed grade, two sidewalls, lay-flat stanchions and a spillway and fishway notches. When the diversion is not in use, the stanchions can be lowered for unrestricted fish passage at all river levels. As flows drop during the irrigation season, boards placed in front of the stanchions raise the water level behind the structure as well as through the fishway. When in use, these structures ensure more efficient water control and flow measurement promotes diversion to legal rate and duty at all flow conditions.

Council staff has confirmed that the two within-year adjustments are positioned to be fully implemented in Fiscal Year 2005 and address opportunities that should not be lost. This recommendation is conditioned on the understanding that the two projects qualify for capital funds and that current accounting for Fiscal Year 2004 and 2005 demonstrate that adequate capital funds are available to address these requests.

Attachment 1: Letter received on December 3, 2004 from Bonneville seeking concurrence for within-year budget adjustments recommended by the Budget Oversight Group on November 10, 2004.



Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

November 30, 2004

In reply refer to: KEWB-4

Mr. Doug Marker
Fish and Wildlife Division Director
Northwest Power and Conservation Council
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Mr. Marker:

November 10, 2004, the Budget Oversight Group (BOG) met to consider budget adjustment requests for rescheduled work and requests for within-year adjustments. In accordance with the BOG process for budget adjustments and with the recommendation of the BOG members, BPA proposes the following within-year budget increases:

<u>Project</u>	<u>Title</u>	<u>Amount</u>	<u>Rationale</u>
199306600	Oregon Screen Project	\$167,000	Enables sponsor to fulfill commitment of at least 20 screen replacements per funding cycle
199801800	Irrigation Diversion Replacement and Watershed Restoration	\$249,802	Enables completion of approved projects for 2005.

We respectfully request council consideration of and concurrence with the budget adjustments. Please feel free to contact either Dave Thatcher at 503-230-3457 or me at 503-230-3188 for further information.

Sincerely,

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

cc:

Mr. Doug Marker, Northwest Power and Conservation Council
Mr. Mark Fritsch, Northwest Power and Conservation Council
Ms. Patty O'Toole, Northwest Power and Conservation Council
Mr. Karl Weist, Northwest Power and Conservation Council
Ms. Stacy Horton, Northwest Power and Conservation Council
Ms. Joann Hunt, Northwest Power and Conservation Council
Mr. Kerry Berg, Northwest Power and Conservation Council
Mr. Rod Sando, Columbia Basin Fish and Wildlife Authority
Mr. Tom Iverson, Columbia Basin Fish and Wildlife Authority
Ms. Amy Langston, Columbia Basin Fish and Wildlife Authority

bcc:

G. Delwiche – KE-4
S. Hampton – KEWB-4
D. Thatcher – KEWB-4
C. Hanan – KEWB-4
B. Dick – KEWB-4
P. Lofy – KEWL-4
P. Krueger – KEWR-4
J. Rowan – KEWR-4
M. Shaw – KEWU-4