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January 11, 2005

DECISION MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

SUBJECT: Decision on Within-year Project Funding Adjustments for Implementation

PROPOSED ACTION:

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00

The staff recommends that the Council approve this request for \$76,800 for the Fiscal Year (FY) 2005 expense budget associated with the Project #2001-033-00, *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* for the development of a management plan for the parcels being purchased and to conduct initial Operation and Maintenance (O&M) and conduct baseline Monitoring and Evaluation (M&E).

- *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00

The staff recommends that the Council approve this request for \$1,500,000 in FY 2005 capital funds for the design and construction of an antenna housing for the Bonneville Corner Collector PIT tag (Passive Integrated Transponder tags) detection system. This recommendation is made with the understanding that an additional \$1,000,000 will be needed as part of the FY 2006 budget to complete the construction associated with the antenna housing.

- *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00

The staff recommends that the Council approve the \$300,000 in FY 2005 capital funds for the design associated with the improvements at the Lower Granite Dam adult trap. This recommendation is made with the understanding that an additional \$1,500,000 will be needed as part of the FY 2006 budget to construct the improvements to the trap.

SIGNIFICANCE:

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00

The request is to provide expense funds (Fiscal Year 2005) to a reviewed and recommended project (i.e., ongoing). These funds are intended to address the development of a management plan and initial O&M costs and baseline M&E costs for the land acquisitions being purchased.

- *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00 and *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00.

These requests are addressing the items being proposed by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004. These items were also included in the NOAA Fisheries 2004 remand Columbia River Power System Biological Opinion published on November 30, 2004 (2004 Remand BiOp). These requests are for capital funds in FY 2005 totaling \$1,800,000 and FY 2006 of \$2,500,000.

BUDGETARY/ECONOMIC IMPACTS¹:

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00.

The request for this ongoing project is for \$76,800 to cover the development of the management plan for the parcels being purchased and to conduct O&M and baseline M&E. Out year costs have not been determined, but are anticipated to be defined as part of the anticipated management plan for the parcels being purchased.

New Marking and Monitoring Techniques for Fish - Project #1983-319-00.

This is an ongoing project and the requested amount totals \$2,500,000 over FY 2005 and FY2006. The request is for \$1,500,000 in FY 2005 (for design and construction) and \$1,000,000 in FY 2006 for construction. Bonneville states that this within-year budget adjustment can be addressed through the capital budget.

- *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00.

This is a new project and is being proposed by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004. The total request is for \$1,800,000 with approximately \$300,000 needed in FY 2005 for design and the remaining \$1,500,000 for the anticipated construction in FY 2006. Bonneville states that this within-year budget adjustment can be addressed through the capital budget.

¹ The program costs as of January 6, 2005 was expense @ \$8,304,504 and capital @ \$1,958,424.

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 part of the November 10, 2004 the Budget Oversight Group (BOG) meeting the within-year budget adjustment to the expense budget associated with the *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00 was reviewed. Bonneville chose not to seek concurrence for this request during December so that additional information was available. At the December 8, 2004 BOG meeting the within-year capital budget adjustment for *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00, and *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00 were reviewed.

On January 7, 2005 the Council staff received a letter from Bonneville Power Administration (Bonneville) seeking the Council's concurrence for within-year budget adjustments associated with Implement Wildlife Habitat Protection and Restoration on the Implement *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00, *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00, and *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00 (see attachment 1).

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00.

The project was part of the Council's recommendation for funding in FY 2001 through 2003 for the Inter-Mountain province (Fiscal year 2001 @ \$158,252, FY 2002 @ \$1,725,500, and FY 2003 @ \$1,855,000). As part of the Council's FY 2004 start-of-year planning budget (\$1,855,000) noted that "no lands purchased yet, purchase in '04 would require O&M in '05". The Council's 2005 start-of-year planning budget recommended a \$2,090,000 capital budget and noted that "need proposal for O&M costs, including management plan".

- *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00.

On June 11, 2003 the Council adopted funding recommendations for this project as part of the Mainstem/Systemwide (FY 2004 @ \$878,000², FY 2005 @ \$1,033,300, and FY 2006 @ \$ 508,600). The Council considered this project a capital project though Bonneville stated that the project does not meet criteria for capitalization, but noted the priority of the PIT detection capability for Bonneville Dam and deferred developments in small stream detection capability as part of their funding decision (FY 2004 @

² \$41,900 of the total was in the expense budget.

\$1,000,000, FY 2005 @ \$ 770,000. and FY 2006 @ \$505,000). The Council's FY 2005 start-of-year planning budget for the project is \$770,000.

- *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00.

This is a new project and is being proposed by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004. This item was also included in the NOAA Fisheries 2004 remand Columbia River Power System Biological Opinion published on November 30, 2004.

ANALYSIS:

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00.

This request was anticipated and seems reasonable and the land acquisitions associated with this request are in the process of being acquired since the Council recommended the FY 2005 budget. The Hanson parcel of 910 acres closed on December 15, 2003 and it is anticipated that the Felsmen parcel (~160acre) and Kit parcel (~315acre) will close in the near future (i.e., January 31, 2005 and February 5, 2005, respectively). These acquisitions were anticipated during the deliberations associated with the development of the Council's recommended Fiscal Year 2005 planning budget, and comments made acknowledged the need for the a management plan and O&M.

Therefore the Council staff recommends that the Council approve this request for \$76,800 for the expense budget associated with the Project #2001-033-00, *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* for the development of a management plan for the parcels being purchased and to conduct initial O&M and conduct baseline M&E.

- *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00.

This request is for an ongoing project and was referenced by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004 under *RM&E Status Monitoring Substrategy 1.3: Hydrosystem Corridor Monitoring, Hydrosystem* (page 91).

Many of the research, monitoring and evaluation activities in the mainstem rely on information gathered from PIT-tagged fish. These projects use PIT-tag interrogation and tagging technologies that enable the project sponsors to collect data and carry out the research and monitoring activities migrating adult salmon through mainstem dams, and on juvenile salmon passing bypass and surface-collector systems.

Due to the importance of this tool in the understanding the survival estimates for the juvenile salmon the Council staff recommends that the Council approve this request for \$1,500,000 in FY 2005 capital funds for the design and construction of an antenna housing for the Bonneville Corner Collector PIT tag detection system. This

recommendation is made with the understanding that an additional \$1,000,000 will be needed as part of the FY 2006 budget to complete the construction associated with the antenna housing.

- *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00.

This is a new project and was referenced by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004 under Hatchery actions (page 67).

This is a hatchery action in the 2004 Remand BiOp that will help understand and improve data gathering for the Snake River Fall Chinook ESU (Evolutionary Significant Unit). Based on this delineation Council staff recommends that the Council approve the \$300,000 in FY 2005 capital funds for the design associated with the improvements at the Lower Granite Dam adult trap. This recommendation is made with the understanding that an additional \$1,500,000 will be needed as part of the FY 2006 budget to construct the improvements to the trap.

ALTERNATIVES:

- *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed* - Project #2001-033-00.

The Council could opt to not approve the request and let the lands being purchased sit ideal until the management plan and the out-year costs are defined and the proposal is reviewed under a future solicitation. The acquired lands would not have any initial O&M activities (e.g., fence repair), baseline M&E (e.g., biological and hydrological assessments) and the development and review of the management plan associated with these lands.

Based on the anticipation and the investment made to this project to date (i.e., reviewed and recommended), Council staff does not recommend this alternative. The requested costs are within the scope and intent of the recommended project and are necessary to secure the value these parcels to the Fish and Wildlife Program.

- *New Marking and Monitoring Techniques for Fish* - Project #1983-319-00.

The Council could decide not to support this request based on the construction history as outlined in the letter to the Council (see attachment 1) or that additional time is needed to ensure that appropriate design concerns have been addressed. The Council could choose to fund the \$500,000 estimated for the design that includes a review process and request that the Bonneville return at a later date to seek a recommendations for construction funds based on the costs outlined in the engineering designs.

Staff believes that Bonneville, as part of contracting will ensure that the engineering is adequate and that through approval of the construction cost can provide the assurance and continuity needed to be efficient in the construction of the facility in time to meet the

2006 spring out migration. For this reason the staff recommends that this alternative not be recommended and that the FY 2005 funds be approved with the understanding that additional construction funds will be provided in FY 2006.

- *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00.

The Council could recommend that approval of funding for this request be postponed due to the lack of linkage of this request to the ongoing hatchery review forum and process (as outlined in the Artificial Production Review Evaluation (APRE) issue paper). As outlined in the issue paper there is a need to better integrate artificial production reforms into the ongoing subbasin planning and implementation and into project reviews. Currently there has been no review by the Council's scientific review panel.

The request is expected to improve the current capacity and practices at the Lower Granite Dam adult trap. These facility modifications will allow for improve brookstock collection, and reduce risks of straying from fish outside the Snake River Basin. For these reason the staff does not support this alternative.

Attachment 1: Letter received on January 7, 2005 from Bonneville seeking support for within-year budget adjustments.



Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

January 7, 2005

In reply refer to: KEW-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:

On December 8, 2004, the Budget Oversight Group (BOG) met to consider requests for within-year budget adjustments for on-going projects and new proposals. In accordance with the BOG process for budget adjustments, and with the recommendation of the BOG members, Bonneville Power Administration (BPA) is seeking Northwest Power and Conservation Council (Council) support for the following within-year budget adjustments to the **capital budget** for the first two projects listed below, i.e. 1983-319-00, New Marking and Monitoring Techniques for Fish, and 2005-002-00, Lower Granite Dam Adult Trap Improvements, and to the **expense budget** for 2001-033-00, Implement Wildlife Habitat - Coeur d'Alene Indian Reservation (Hangman Restoration Project) for Fiscal Year 2005:

Project No. 1983-319-00

1983-319-00 (on-going)	New Marking and Monitoring Techniques for Fish	\$1,500,000	Allows for PIT tag detection of juvenile salmonids passing through the BON corner collector.
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The FY05 budget for Project No. 1983-319-00 needs to be increased by \$1,500,000 to allow for the design and construction of an antenna and antenna housing for the Bonneville Dam Corner Collector PIT tag detection system. At this point in time, the installation of the antenna is estimated to require an additional \$1,000,000 in capital funds for use in FY06. PIT tag detection in the Bonneville corner collector is critical to estimating the reach survival of juvenile salmonids. Without this system, survival rates for juvenile salmon cannot be estimated with a reasonable amount of statistical certainty. Without PIT tag detection at the corner collector, researchers are already reporting an increase in the uncertainty of their reach survival estimates.

Digital Angel has developed a prototype transceiver and PIT tag improvements. The prototype antenna and antenna housing were designed and constructed by the Corps of Engineers (Corps) with input from BPA contractors. The antenna and housing failed during the integration tests conducted in the test facility at Bonneville Dam. The failure of the prototype antenna was caused primarily by the aggressive design and installation schedule. The fast-tracked schedule reduced the number of tests that had been planned and caused a significant last-minute change to the original antenna design. Consequently, much of the risk mitigation that had been built into the earlier planning stages of the project through testing was pushed onto the final product. Although the prototype antenna housing failed, because moisture came in contact with the antenna wires, much was learned from the product, which will help to expedite the design of the second antenna. BPA, NOAA Fisheries, and the Corps agreed that Digital Angel would design and fabricate the replacement antenna and antenna housing. This will address one of the problems encountered with the first antenna design; design decisions and accountability were not clear enough with separate US Army Corps of Engineering (Corps) and BPA contractors designing and fabricating the antenna.

The design process needs to start as soon as possible if a new antenna is to be ready in time for the 2006 outmigration. Unlike the transceiver system, the antenna that is installed in the exit flume of the Corner Collector will be a permanent structure. Since this project is intended to have a useful life over 15 years, its cost exceeds \$1,000,000, and the ability to detect migrating juvenile salmonids provides a measurable future benefit, it meets BPA's capitalization criteria. The existing FY05 project budget allows NOAA Fisheries and Digital Angel to begin designing the new corner collector antenna and antenna housing, but additional funds are necessary to complete the design, fabricate and install the antenna and antenna housing. The goal is to have a functioning detection system installed in the Bonneville Corner Collector prior to the 2006 spring outmigration.

Project No. 2005-002-00

2005-002-00 (new UPA/BiOp project)	Lower Granite Dam Adult Trap Improvements	\$1,800,000	Improve LGR adult trap to allow trapping of up to 6,000 adult fall Chinook annually.
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Project No. 2005-002-00 is an action committed to by the Action Agencies in the Final Updated Proposed Action published on November 24, 2004, and included in the NOAA Fisheries 2004 remand Columbia River Power System Biological Opinion published on November 30, 2004. Approximately \$300,000 of the total budget would be spent in FY05 for the engineering design of the necessary infrastructure improvements at the Lower Granite Dam adult trap. The balance of the funds, i.e., \$1,500,000, would be spent in FY06 for the construction of the facility in time for the 2006 return of adult fall chinook in the Snake River.

The adult trap at Lower Granite Dam was designed and constructed more than 25 years ago during a period when anadromous fish adult returns were at very low numbers. Fall Chinook salmon returns, for example, were only 1,000 in 1975 compared to 16,000 in 2002. The current trapping facilities do not have the capacity to meet the present requirements for hatchery broodstock collection, removal of non-ESU stray fall Chinook, and research activities. The adult trapping and holding facilities will be modified to allow trapping and handling of up to

approximately 6,000 adult fall Chinook salmon annually. Anticipated modifications include increased working space, an additional anesthetic tank, improved water supply, and increased number of adult holding tanks.

This action is expected to: 1. Reduce risks to the ESU by improving hatchery practices (i.e., being able to collect and use natural-origin fish for broodstock will improve the integration between natural-origin and hatchery-origin fall Chinook salmon). 2. Jumpstart production in underutilized areas of the Clearwater Basin by using natural-origin fish collected at the trap. 3. Reduce risks to the ESU from atypical straying of hatchery-origin fish from areas outside the Snake River Basin (i.e., increased trapping capability can allow the removal of unusual numbers of stray fish). 4. Improve data collection and understanding of ESU status (e.g., improved run-reconstruction).

In order for the first three of these benefits to be fully realized, the *US v Oregon* parties must approve a number of production-related fishery management actions. The Action Agencies expect NOAA Fisheries to support these management actions in the *US v Oregon* process and that the actions will be approved.

We are working closely with the U.S. Army Corps of Engineers on both of these projects. Both projects are critical for implementation of the Council's Fish and Wildlife Program and the NOAA Fisheries' Biological Opinion. Although BPA is prepared to fund both of these projects out of its capital budget, discussions with the Corps may result in other funding arrangements. We will keep the Council apprised of these discussions.

Project No. 2001-033-00

200103300	Implement Wildlife Habitat - Coeur d'Alene Indian Reservation (Hangman Restoration Project)	\$76,800	Develop a project management plan(s) for acquired parcels plus conduct O&M and baseline M&E.
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The Hangman Restoration Project acquired approximately 1,400 acres under the Albeni Falls wildlife mitigation program using capital funds. Management plans are now the responsibility of the Hangman Restoration Project that will involve baseline assessments and monitoring and evaluation. To defer management, assessment and development of management plans of these properties to a later date will compromise the Coeur d'Alene Tribe's ability to assist BPA in meeting its mitigation responsibilities. While there are responsibilities that must be met in FY2005, there is currently no contract or funding to meet those responsibilities.

The properties acquired in the Hangman Watershed are contiguous. At this point, the Coeur d'Alene Tribe intends to develop one management plan to direct activities on all of the properties since they are so hydrologically and biologically intertwined. Baseline assessments must be completed in conjunction with the development of the management plan(s). Assessments must include HEPs for HU crediting, soil and soil moisture assessments, vegetation mapping, timber evaluations (cruising), and avifauna and herpetofauna surveys. An evaluation according to Albeni Falls regional assessment protocols must also be completed. Public involvement in management plan development, particularly involvement from neighboring landowners, will be sought through public meetings, mailings and through individual contact. The management plan(s) must be written to cover several options for objectives and strategies and must be thorough in scope

and scientifically sound. In addition there are basic O&M functions such as weed control, and fence maintenance to prevent illegal trespass. Initial M&E tasks may involve the monitoring of large game utilization until the full development and approval of a management plan.

We respectfully request Council support for these budget adjustments. Please feel free to contact either Dave Thatcher at 503-230-3457 or me at 503-230-5499 for further information.

Sincerely,

William C. Maslen
Director for 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