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February 8, 2004

**TO:** Council Members

**FROM:** Patty O'Toole  
Fish and Wildlife Program Implementation Manager

**SUBJECT:** Review of fiscal year 2006 implementation work plan development

At the February Council meeting, the staff will provide more detail about how we plan to conduct a review of currently implemented projects for consistency with subbasin plans and previous Council approvals to develop an initial Fiscal Year 2006 work plan. Since September, the staff has discussed options for the scope of this review in preparation for a significant revision to the provincial review structure. After discussions with the Council, the Regional Coordinating Group and participating entities in the Program, we outlined last month a review process that would focus on the status of current projects against their original funding recommendations and to the implementation priorities of subbasin plans. Last month's discussion generally affirmed proceeding as recommended by staff, but Council members asked for more detail about the rigor of review proposed by staff. We have also been asked to reexamine the potential to open a new solicitation for proposals to compete against currently funded projects for Fiscal Year 2006.

In previous discussions with the Council, the staff presented the basic concept of starting implementation of the next project selection process in fiscal year 2007. Project solicitation, review and recommendation would occur during FY 2006. This would allow province planning or "roll up" activities to occur prior to development of an allocation strategy and project selection. This concept generally received support from the region and from the Fish and Wildlife Committee.

Initiating the next project selection process in FY 2006 means that the FY 2006 work plan and budget would be based primarily on the currently recommended set of projects. The staff suggests a review of current projects by a budget workgroup consisting of Council and Bonneville staff, with assistance from CBFWA staff.

For the purpose of discussion, we will assume a budget starting point of \$139 million. In FY 2003, Bonneville notified the region that the Fish and Wildlife budget would be capped at an average of \$139 million in spending (actuals). FY 2006 is the last year of the rate case, and the program has spent an average less than \$139 million to date. As a result, more than \$139 million will likely be available for FY 2006.

To facilitate the discussion, we have organized the projects (and their associated FY 2005 budgets) into several groups. First is a group of projects include operation and maintenance or other work associated with production facilities and land acquisitions and program infrastructure projects. The majority of these projects have a fixed commitment from Bonneville for continued funding, and although the staff expects these (and all) projects to undergo review during the next project selection process, there is a high degree of likelihood that these projects would continue to be funded.

Second, we recognize that Council recommendations for the Mainstem/Systemwide group of projects were completed in fiscal year 2003 and those recommendations extend through the end of fiscal year 2006. The staff recommends continued support for these projects.

Another group of projects are those that Bonneville has suggested are necessary for implementation of the 2000 Biological Opinion and the staff recognizes that it is likely that Bonneville will continue to fund these projects (\$12.0 million).

Though the workgroup will try to look for potential cost-savings in the above three project categories (Mainstem/Systemwide, fixed commitments and Bi-op relevant), the presumptive path is that these projects will continue in FY2006.

The staff expects to present the Council with recommendations for treatment of three additional groups of projects to determine if funding should be continued in FY 2006. First, the staff identified a group of projects in the development of the FY 2005 work plan and budget that were behind schedule due to a variety of reasons. The staff suggests that these projects (about \$5.0 million) need to be reviewed to determine if they are still delayed in implementation.

In addition, the staff has identified a group of projects that may have completed their work as recommended by the Council during the provincial rolling review. Council staff plans on discussing these projects with Bonneville staff and identifying the schedule and process for bringing these projects to closure (about \$5.6 million).

Finally, we have identified a group of projects that seem to be consistent with subbasin plan priority strategies, although their recommendation from the rolling provincial review has expired. The Council must determine how to move these projects smoothly towards the next project selection process, yet not presuppose the outcome of the next selection process. The staff will confirm that these projects (about \$31.2 million, numbers still under review) are consistent with subbasin plan priorities during the review and will develop recommendation alternatives for consideration by the Council.

Other costs that need to be considered include the previous placeholders. Several of the placeholders (such as subbasin planning) no longer exist; however a few may warrant

consideration for additional funding, such as data management. Also, Bonneville Program support will need to be addressed, currently about \$11.8 million. We expect to see costs associated with implementation of the revised Biological Opinion of up to \$10 million, and may need to incorporate costs associated with projects that we have previously assumed to be capital, to the expense budget, and whether the Council wishes to include some inflation factor for projects that have essentially had flat funding for three years.

Along with the expense projects, we will review capital projects and prepare a draft work plan and budget for these projects. The budget workgroup will conduct the review during February and March. A public review period of a draft work plan and budget will follow. A draft work plan will be presented to the F&W committee in June and to the Council in July.