

Melinda S. Eden  
Chair  
Oregon

Joan M. Dukes  
Oregon

Frank L. Cassidy Jr.  
"Larry"  
Washington

Tom Karier  
Washington



Jim Kempton  
Vice-Chair  
Idaho

Judi Danielson  
Idaho

Bruce A. Measure  
Montana

Rhonda Whiting  
Montana

March 8, 2005

**TO:** Council Members

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

**SUBJECT:** Update on Fiscal year 2006 Fish and Wildlife project review process

At the March Council meeting, the staff will provide an update on the FY 2006 Fish and Wildlife budget development process and the associated staff review of project status and budget. Initial results of the staff review will be discussed, along with the next steps and schedule for completing the development of a work plan and budget for FY 2006.

Since the March meeting Council central and state staff and Bonneville staff spent nearly two weeks reviewing the status of projects in the Fish and Wildlife Program.

#### **I. FY 2006 preliminary budget issues:**

Several key budget issues have arisen during the review, and most are similar to the issues raised during development of the FY 2005 work plan and budget.

Cost of living/operation and maintenance increase needs: Projects have not received any cost-of-living adjustments since FY 2002. During the FY 2005 budget public comment period we heard from many sponsors that this was a significant issue, and we anticipate it will be again this year. The concern relates to increases in indirect costs for state and tribal agencies, increased costs associated with facility or land operation and maintenance costs, increased power and fuel costs, increased health insurance costs, and salary adjustments. We will have a better idea of the extent of the requests after public review of the preliminary FY 2006 budget.

Habitat projects with three complete years of funding: The budget group identified a group of habitat projects that appear to have had a full three years of funding. Some projects have experienced implementation delays and those are not included with this group. This group of projects includes "core" habitat and watershed restoration projects throughout the basin, such as fish passage improvement and riparian protection projects. While these projects were not intended to be permanent, it could be argued that there was an expectation by the project

sponsors to have a follow-on process that would allow them to propose to continue their projects. We anticipate that many of these projects are consistent with subbasin plan objectives and strategies. An evaluation of consistency with subbasin plans will occur prior to the development of a final work plan and budget. This group totals around \$27 million, in seventy-five projects.

Monitoring and evaluation projects with three full years of funding: The staff identified a group of monitoring and evaluation projects that appear to have had a full three years of funding. It was not anticipated that these would be permanent projects, however as described above, sponsors anticipated the opportunity to propose additional funding. This group totals around \$18 million, in thirty-two projects.

Washington Wildlife Agreement projects: This group of projects is associated with the Washington Wildlife Agreement. Staff needs to investigate the interim Washington Wildlife Management agreement to determine if Bonneville should provide operation and maintenance funds for these projects outside of and beyond the base Fish and Wildlife program budget. The WWA covered all or a portion of O&M for a group of these projects in FY 2004 and 2005. The WWA projects total \$1.3 million, in five projects.

Projects associated with the 2000 Biological Opinion. During the rolling provincial review, Bonneville identified some projects that were deemed necessary for the implementation of the 2000 biological opinion for salmon and steelhead. It is unclear what role these projects continue to play and what, if any relationship they have to the Updated Proposed Action. The staff will work with Bonneville to evaluate the role of these projects in the Action Agency Implementation Plan.

Projects not recommended by the Council during the rolling provincial review: A few projects that are currently implemented by Bonneville do not have a corresponding Council recommendations. For example, after a series of meetings between Bonneville and Council following the Council recommendations for the mainstem and systemwide group of projects, Bonneville decided to fund a few additional projects. These were disclosed to the Council and the Council did not formally object, yet these projects do not have an associated Council recommendations. Bonneville will be identifying additional work to implement the Updated Proposed Action of the revised biological opinion and these projects will not have Council recommendations. This group of projects totals around \$9 million; and about 18 projects and more projects are anticipated as Bonneville further refines its approach to implement the Updated Proposed Action.

Lands, capital and crediting: Several land acquisition project recommended by the Council during the provincial review have not been implemented due to issues surrounding Bonneville's definition of capital, and crediting. An alternative way to move these projects towards implementation would be to move them from capital to expense. This would, however, exert obvious pressure on the expense budget. This group totals approximately 12.3 million, in seven projects.

## **II. Questions from February meeting**

At the February meeting, staff received some questions to think about think about the following items when preparing a work plan and budget for FY 2006.

*1. Subbasin plan implementation as soon as possible*

The Council has expressed interest in utilizing the newly adopted subbasin plans as soon as possible. Council staff believes that subbasin plans can be utilized immediately by evaluating currently funded projects against the priority objectives and strategies identified in the subbasin plans. We will seek to confirm that existing projects are consistent with subbasin plan priority objectives and strategies during the public comment period for the FY 2006 preliminary budget.

*2. Allow new projects (in addition to the UPA).*

The availability of funds to allow for new projects depends on the disposition of the issues discussed in section I, above.

*3. Document accomplishments*

Current project management and tracking at Bonneville does not readily generate consistent accomplishment reports. Bonneville has acknowledged this and other related issues and launched a major initiative (Process Improvement) to improve contracting, tracking and reporting capabilities. Through implementation of Pisces, Bonneville will begin generating accomplishment reports using consistent reporting metrics in October of 2005. When the preliminary budget information is sent out to sponsors for review, we will ask sponsors to describe what can be accomplished with funding in FY 2006.

*4. Scientific Review*

The Independent Scientific Review Panel reviewed all of the existing projects recommended by the Council during the last provincial review. In addition, a list of specific projects reviews by the ISRP in 2005 is attached.

*5. Three year recommendations*

The provincial review process resulted in three-year funding recommendations, rather than the previous one-year recommendations. That did not mean all projects were discrete, three-year actions, with the work complete after three years, any more than the previous project funding recommendations were for discrete one-year activities. A few projects were of that nature, but the vast majority were not. They were and are part of on-going actions, programs and activities, with an expected life in the program well beyond one-year and three-year recommendations. That does not mean they will not need to be resubmitted and reviewed again, they will. But it does mean that it is no surprise that these projects are on-going, and merit transition funding in FY 06 (assuming no performance problems) as we also work to transition to the full provincial review to come. The step needed this year is to confirm that these existing projects are consistent with subbasin plans and to document expected accomplishments. If that is done, the staff recommends that it would be appropriate to continue to fund on-going habitat projects in FY06, even if they have received three years of funding.

*6. Respond to new information*

The current within-year process allows the opportunity to revise the scope and budget of existing projects to incorporate new information that is recognized to be of high value. This can be difficult however, when the overall budget for the Fish and Wildlife is constrained. Currently, new projects that focus on some of the emerging issues in the basin (Estuary work for example) are implemented primarily through projects Bonneville intends to fund through the Updated Proposed Action. This issue needs to be addressed for the next project selection process to ensure that new information can be incorporated into the Program.

### **III. Next steps:**

Bonneville is currently performing an internal review of the project budgets for FY 2006 and will provide comments to Council staff by March 16. The preliminary budget information, and subbasin plan consistency information will be sent to sponsors for public review soon after. Staff expects comments back from the sponsors by the end of May. Staff will then begin to prepare a draft work plan and budget for committee and Council consideration in June and July.

# ISRP Reviews for Fiscal Year 2005

The ISRP has completed or scheduled the following reviews for Fiscal Year 2005 (October 1, 2004 through September 30, 2005):

## **Complete**

### *Issues from Provincial Reviews*

1. Captive Propagation Projects, Issue 12 (ISRP 2004-14)
2. Monitoring and Evaluation Plan for the project: Enhance and Protect Habitat and Riparian Areas on the Duck Valley Indian Reservation, Shoshone Paiute Tribe (ISRP 2004-15)
3. Lower Columbia River and Columbia River Estuary Ecosystem Monitoring and Data Management (ISRP 2004-16)
4. Umatilla Fish Hatchery Monitoring and Evaluation (2004-17)

### *Three-Step Reviews*

5. Chief Joseph Dam Hatchery Master Plan: Develop and Propagate Local Okanogan River Summer/Fall Chinook (ISRP 2005-2)
6. Duncan Creek Chum (ISRP 2005-3)
7. Sekokini Springs Preliminary Step Review (ISRP 2005-4)

### *Other Reviews*

8. Riparian Easement Proposal Criteria (ISRP 2005-1)
9. All-H Analyzer (AHA) (ISRP&AB 2005-5)

## **Pending**

10. Klickitat Master Plan Step Review (February 18, 2005)
11. Johnson Creek Artificial Propagation Enhancement Project (February 18, 2005)
12. Select Area Fishery Evaluation Project (March 4, 2005)
13. Retrospective Report (March 18, hopeful)
14. Sekokini Springs Final Review (not submitted)

In addition, the ISRP will likely be requested to conduct reviews associated with:

15. The Council's Research Plan
16. PNAMP Monitoring Protocols
17. Idaho Supplementation Studies