

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

April 5, 2005

DECISION MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

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

PROPOSED ACTION:

- 1) Council staff recommends that the Council approve the prioritization criteria as drafted.
- 2) Council staff recommends that the following "Emergency" (category #1), "ESA Obligation" (category #2), and the "Threats to Project Integrity - that jeopardize the performance of the entire project" (category #3a) be approved for a total of \$878,988 as defined in the Bonneville letter.

Category #1 - Emergency

- Project # 1991-047-00, *Sherman Creek Hatchery O&M* @ \$8,918 expense
- Project # 1985-038-00, *Colville Tribal Hatchery O&M* @ \$50,000 expense

Category #2 - ESA Obligation

- Project No.: 2003-017-00, *Integrated Status and Effectiveness Monitoring Program (Pilot Studies)* @ \$637,500 expense

Category #3a - Threats to Project Integrity - that jeopardize the performance of the entire project

- Project # 1991-046-00, *Spokane Tribal Hatchery O&M* @ \$83,000 expense
- Project # 1993-035-01, *Lower Red River O&M* @ \$99,570 expense

SIGNIFICANCE:

The BOG representatives have developed a set of criteria to evaluate and prioritize within-year requests. Those criteria were applied to develop these project recommendations. However, those criteria have not been formally approved by the Council, so threshold matter is the review and approval of those criteria. Approval (not adoption because that implies Program status) of the suggested criteria provides guidance and reference for use in the near term.

With regard to the projects, these within-year needs are recommended within an estimated amount of capacity to reallocate funds and still be consistent with managing to an average of \$139 million. The staff recommends support for the project needs agreed to be “emergencies” or “critical to project integrity” and balance those with UPA implementation needs identified by Bonneville. We are not prepared at this time to recommend support for those project needs in the lower priority categories because it is not clear why some proposals are advanced by Bonneville while others are not. In addition, while it is agreed that these projects in the lower priority categories have been placed in the appropriate category based on the criteria, the staff does not believe that project specific issues have been adequately resolved and balanced.

BACKGROUND:

Late in Fiscal Year 2004 Bonneville, the Council and the Columbia Basin Fish and Wildlife Authority formed a Budget Oversight Group (BOG) to conduct a budget tracking process for the 2005 fiscal year. It was anticipated that this process would be used to track budgets adjustments and modification requests through the fiscal year.

The BOG has met monthly since September 2004 on the Wednesday prior to regularly scheduled, current month’s Council meetings. A principle role of the BOG was to validate whether the requests were a reschedule or within year request (i.e., Scope Change, Budget Change, Scope/Budget Change, Reschedule, and New Request). Reschedules were forwarded to Bonneville for assessment and funding as funds become available and within-year and scope change requests were forwarded to BPA for recommendation on the availability of funds.

From November thru the March, the BOG reviewed 33 reschedules and 41 within-year requests. To date only three of the requests have been forwarded from Bonneville to the Council for a decision.¹ All other budgetary actions in during this period were either programmatic or part of a step review. In addition, the Council has approved one item being proposed by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004² (i.e., *Lower Granite Dam Adult Trap Improvements* - Project #2005-002-00) and is in the process of additional reviews. To date, an additional 13 requests are slated for BOG review. These requests seem to be principally UPA proposals.

¹ December 2004 Council approved the adjustments for the following two capital projects - *Oregon Fish Screen Project*, Project 1993-066-00 @ \$167,000 and *John Day Watershed Restoration Program*, Project 1998-018-00 @ \$249,802, and at the January meeting the Council approved \$76,800 for the Fiscal Year 2005 expense budget associated with the Project #2001-033-00, *Wildlife Habitat Protection and Restoration on the Coeur d'Alene Indian Reservation: Hangman Watershed*.

² The effects of the November 24, 2004 Updated Proposed Action were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the Endangered Species Act (ESA).

At the February BOG meeting Bonneville indicated that they were nearing a point where funds may be identified to address the within year adjustments. At the March BOG Bonneville stated that the target budget for the within-year requests is \$1,000,000.

Subsequent to the March 9th BOG meeting, additional meetings occurred on March 15th and 30th to discuss and developed a draft set of prioritization criteria for sorting the FY05 within-year requests – **in order of priority**.

1. Emergency – Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish or wildlife resources or problems of human health or safety.
2. ESA Obligation - a new or ongoing project that directly implements actions committed to in the November 24, 2004 Updated Proposed Action and were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the ESA. Except in extraordinary circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to Bonneville approval.
3. Threats to Project Integrity - Actions necessary for the project, though not of an emergency nature, to avoid the loss of a previous project investment, including major project review (i.e., step review), that would:
 - a. Jeopardize the performance of the entire project
 - b. Jeopardize the performance of a discrete task or objective of the project causing:
 1. biological consequences to the project;
 2. the loss of monitoring and evaluation data;
 3. of the loss of capability to administer the project
4. Lost Opportunity – New or ongoing projects that respond to a limited opportunity to benefit the fish and wildlife resource and that opportunity will be permanently lost if the project or work element is not implemented.
5. Other - Any project not falling into the four categories defined above.

Generally speaking the BOG meeting participants were accepting of the application of these criteria and ranking of these projects.

On April 5, 2005 Council staff received a draft letter from Bonneville seeking Council support for a list of project requests (see attachment 1). The total of expense funding requested in the letter is \$927,544. The total of capital funding requested is \$250,000. **Please note in the letter received from Bonneville that the sum of the specific project requests in expense totaled \$1,265,044 not the requested \$927,544. It seems that Bonneville is refining the request associated with Project # 2003-017-00, *Integrated Status and Effectiveness Monitoring Program (Pilot Studies)*. They are anticipating a saving of approximately \$327,500 with the request, but at the time of “packet” the actual amount was not available. Therefore**

Council staff is using the higher figure in anticipation that the corrected amount will be presented at the Council meeting.

ANALYSIS:

Criteria Approval

As mentioned at last month's Council meeting, it was anticipated that the BOG process would be revised and a process would be presented to the Council at the April meeting. Over the past month staff time allocated to the BOG process focused on the prioritization criteria to rank the within-year request and not the refinement of the overall BOG process. There is still a need to refine the process for budget adjustments and it is hopeful that this will occur over the next couple of months.

The above criteria were used to prioritize the requests received so that as funds are identified and made available by Bonneville, the within-year requests can be systematically addressed. Though the BOG has developed, defined and reviewed the criteria they have not been confirmed or approved by the Council.

Proposed Within-Year Project Adjustments

The letter received from Bonneville is seeking Council support for a variety of requests (i.e., categories). However, it is not clear to staff how the entirety of this prioritization and recommendation was developed (i.e., questions were raised in the BOG meetings, where the group sought to understand why certain projects in a particular category were elevated over other projects of the same category or projects ranked in a lower category were being addressed prior to projects of a higher rank (e.g., 3b3 over 3b2 or 5 over 3b3)). In addition, even though in the correct category, there remain project specific questions and/or issues that need to be addressed and balanced across projects prior to a staff recommendation. Because these are lower priority categories, the staff believes that more time for a full consideration is warranted.

Another element of the overall within-year BOG process that needs some consideration is the ongoing accounting. That is, Bonneville needs to clearly define the funds that are available for addressing within-year requests. As you will note they stated that \$1,000,000 was available for these requests in March and the March 31, 2005 letter is seeking Council support for \$927,544 (\$1,265,044) in expense funds and \$250,000 in capital funds. It would seem that the funding target would need to be well-defined prior to the criteria being applied.

Notwithstanding what could be considered a lack of transparency in the overall process to date, there is no question that the "Emergency" (1) and the "Threats to Project Integrity" (3) that jeopardize the performance of the entire project (a) identified in the Bonneville letter should be supported and funded (i.e., 1 and 3a), but staff continues to have questions regarding the remaining categories.

During the deliberations at the meetings on March 15th and 30th questions were raised on the process associated with the ESA Obligation (category #2) criteria. The process question

developed as the project for the RM&E Estuary Pilot Project (Project # 2005-001-00)³ was discussed. In the end, Council staff believes that there is a need for ISRP review and a clear explanation as to how this work fits with other related activities. The other category #2 project (Project # 2003-017-00), not presented to the BOG, is strongly supported by the ISRP through their review of the initial proposal in 2003 and the ISRP/ISAB review of the RM&E Plan for the 2000 FCRPS BiOp.

Even with the comments above about the need to improve upon the overall BOG process in several respects as we move forward from here, the Council staff recommends that the “Emergency” (category #1), ESA Obligation (category #2)⁴, and the “Threats to Project Integrity - that jeopardize the performance of the entire project (category #3a) be approved for a total of \$878,988 as defined in the Bonneville letter.

Category #1 - Emergency

- Project # 1991-047-00, *Sherman Creek Hatchery O&M* @ \$8,918 expense
- Project # 1985-038-00, *Colville Tribal Hatchery O&M* @ \$50,000 expense

Category #2 - ESA Obligation

- Project No.: 2003-017-00, *Integrated Status and Effectiveness Monitoring Program (Pilot Studies)* @ \$637,500 expense

Category #3a - Threats to Project Integrity - that jeopardize the performance of the entire project

- Project # 1991-046-00, *Spokane Tribal Hatchery O&M* @ \$83,000 expense
- Project # 1993-035-01, *Lower Red River O&M* @ \$99,570 expense

The remaining Category #2 requests (i.e., ESA Obligation) are dependent on a favorable review prior to a Council decision. Council staff requests that this review and/or link to previous reviews are explicitly defined.

Finally, and as noted above, because of questions about how the Bonneville review and prioritization treated all of the requests in hand, the Council staff is unable to provide support or recommendations for those projects that are below the category 3a level. Without more information, and consideration of lingering project specific questions, the staff cannot be confident that the recommendations below this level were evaluated consistently, and equitably.

³ On December 16, 2004 the Council confirmed that the conditions placed on this project, as part of the Lower Columbia and Estuary provincial review, have been fully addressed and that the most recent review has demonstrated that the habitat monitoring element of the project is appropriate for contracting by the Bonneville Power Administration. This recommendation is conditioned with the understanding that the specific comments raised by the ISRP review (ISRP document 2004-9) be addressed as part of contracting. The approved Fiscal Year 2005 budget for this project includes the funding for this project element. Council suggests that if coordination with ongoing research is not adequate for the fish monitoring element of the project, that the sponsor seek additional monitoring funding for this element as part of a future solicitation and review.

⁴ Only Project # 2003-017-00, *Integrated Status and Effectiveness Monitoring Program (Pilot Studies)*, that clearly has received favorable ISRP review.

Attachment 1: Draft letter received on April 5, 2005 from Bonneville seeking support for within-year budget adjustments.



Department of Energy

DRAFT

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

ENVIRONMENT, FISH AND WILDLIFE

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:

In accordance with current Budget Oversight Group (BOG) process for reviewing requests for Within-Year project budget and/or scope adjustments, and with review by the BOG members, Bonneville Power Administration (BPA) is presenting the Northwest Power and Conservation Council (Council) with those requests that it supports. For additional, project-specific information, please review the Columbia Basin Fish and Wildlife Authority (CBFWA) website for Within-Year Budget Adjustments (<http://www.cbfwa.org/mods/components/forms/Login.cfm>).

The current BOG process incorporates the use of a set of criteria that can be used to rank the project requests that BOG has reviewed. I emphasize that these criteria have been discussed only within the BOG and have not been reviewed or “officially” adopted by the parent organizations of BOG members, i.e., the Council, BPA or CBFWA.

The proposed categorization and ranking scheme is as follows:

Category

Priority

Emergency

1

Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish or wildlife resources; imminent threat to human health or safety.

ESA Commitment of BPA

2

A new or ongoing project that directly implements actions committed to in the November 24, 2004 Updated Proposed Action and were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the ESA. Except in extraordinary circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to Bonneville approval.

Project Integrity

3

Actions necessary for the project, though not of an emergency nature, and including major project review (i.e., step review), to avoid the loss of a previous investment; that, if not taken, would:

- a. Jeopardize the performance of the entire project;
- b. Jeopardize the performance of a discrete task or objective of the project causing:
 1. adverse biological consequences to the project;
 2. loss of critical monitoring and evaluation data;
 3. loss of capability to administer the project

Lost Opportunity

4

New or ongoing projects that respond to a limited opportunity to benefit the fish and wildlife resource and that opportunity will be permanently lost if the project or work element is not implemented.

Other

5

Any project not falling into the four categories defined above.

Projects on the current CBFWA website requesting within-year budget adjustments were placed into the above categories by the BOG members. That process is reflected in the following list of projects. At this point in the fiscal year, BPA believes sufficient expense and capital funds are available to allow these requests to move forward and BPA is seeking Council support for these budget adjustments for Fiscal Year (FY) 2005.

Project Funding Requests

Project No. 1991-047-00

Project Name: Sherman Creek Hatchery O&M

Budget Amount Requested: \$8,918

Funding Category: Expense

BOG Category: **1**

The sponsor originally requested \$11,530 to fund the rehabilitation of an existing well for the hatchery's domestic water supply. Subsequent to the original estimate, the funding request has been modified to \$8,918, based on competitive bidding. This request addresses a project health and safety concern.

Project No. 1985-038-00

Project Name: Colville Tribal Hatchery O&M

Budget Amount Requested: \$50,000

Funding Category: Expense

BOG Category: **1**

The sponsor requested \$50,000 to pay for replacement of two pumps at the hatchery. Since this was an emergency, the Colville Tribe has already replaced the pumps and is seeking reimbursement.

Project No.: 2003-017-00

Project Name: Integrated Status and Effectiveness Monitoring Program (Pilot Studies)

Budget Amount: \$637,500

Funding Category: Expense

BOG Rating: **2**(Sponsor missed submission deadline for March BOG, but time sensitive)

BPA is continuing to expand the work under project no. 2003-017-00, Integrated Status and Effectiveness Monitoring Program (Pilot Studies), which has a FY05 SOY budget of \$1,515,000. This work is a critical component of tributary status monitoring and action effectiveness research called for in the 2000 and 2004 NOAA BiOps for the FCRPS. It has received positive, enthusiastic support from the ISAB and ISRP reviews and briefing presentations. This project supports the monitoring coordination and common protocol objectives of the Pacific Northwest Aquatic Monitoring Partnership. It will help guide the restructuring and standardization of current monitoring efforts and the development of a programmatic approach to status and action effectiveness monitoring for the Columbia Basin Fish and Wildlife (F&W) Program.

The ISRP supported this work through their review of the initial proposal in 2003, and the ISRP/ISAB gave their additional support for the design of this monitoring work through their review of the RM&E Plan for the 2000 FCRPS BiOp and the associated Monitoring Strategy for the Upper Columbia in January 2004.

Additional funding is needed now to expand this work, as outlined in the RM&E Plan and the Action Agencies' Updated Proposed Action, to new geographic areas and to support data management needs of these pilot studies (see attached summary of new work). Additional funding of \$600,000 is needed for FY05. The full costs of this expansion will be realized next year with the budget increasing by \$1,325,000 to a total FY06 project level budget of \$2,840,000. This work will continue to be coordinated with the PNAMP working groups, the Federal Caucus RM&E Team, the Upper Columbia Regional Technical Team (Washington Salmon Recovery Funding Board), the John Day Analytical Framework Workgroup, and the Collaborative Systemwide Monitoring and Evaluation Project. We look forward to working with Council staff to apply the monitoring approaches and standardized protocols being developed under this project to other geographic areas of the F&W Program and to schedule additional ISRP review of any FY06 work that is not currently covered by ISRP reviews.

Project No.: 2005-001-00

Project Name: RM&E Estuary Pilot Project

Budget Amount FY05: \$80,000

Funding Category: Expense

BOG Rating: 2

BPA proposes to initiate this new project to enable the Action Agencies (AA's) to achieve specific goals identified in NOAA Fisheries' 2004 Biological Opinion and the AA's draft Implementation Plan for the Updated Proposed Action, dated March 2, 2005.

A general description and need for this project is included in the AA's "Plan for Research, Monitoring, and Evaluation of Salmon in the Columbia River Estuary" (Estuary RM&E Plan) (final draft August 10, 2004). The Estuary RM&E Plan was submitted to the ISRP for review in August 2004. In a letter, dated November 18, 2004, from the ISRP to the Council regarding their review of the Estuary RM&E Plan, the ISRP expressed their support for a pilot project in the estuary by stating, "The ISRP also agrees with the plan to conduct a pilot study." The ISRP further states that additional emphasis and research needs to be conducted in "...the part of the estuary extending from RM 46 to Bonneville Dam." The RM&E Estuary Pilot Project will be conducted in the upper estuary below Bonneville Dam.

The ISRP reviewed the Estuary/Plume RM&E Plan and commented on the pilot monitoring study. This excerpt is from ISRP 2004-16, p. 10 first full paragraph (emphasis added):

“The ISRP strongly supports the Plan’s proposed use of standard methods for status monitoring and action effectiveness research throughout the estuary to the extent possible to facilitate estuary-wide and basin-wide evaluations. The Estuary RM&E and Habitat Monitoring Plans should coordinate and clarify the basic structure that they are recommending for their sampling designs. **The ISRP also agrees with the plan to conduct a pilot study.** The ISRP’s comments on the use of habitat classification as a basis for sampling design in the Habitat Monitoring Plan (see above) are also pertinent to the estuary RME plan.”

In FY05, the goals of the RM&E Estuary Pilot will be 1) to prepare for an FY06 study to determine presence through time of subyearling Chinook salmon at the Sandy River delta in the tidal freshwater reach of the Columbia River, and 2) to integrate pertinent results from other estuary monitoring studies. Tasks include collection of baseline data for the study area, obtaining permits for possible FY06 activities, and planning and coordination.

BPA will ensure that FY06 proposed tasks under this project would be reviewed by ISRP prior to implementation.

Project No. 1991-046-00

Project Name: Spokane Tribal Hatchery O&M

Budget Amount Requested: \$83,000

Funding Category: Expense

BOG Category: **3a**

The sponsor requested \$83,000 to fund on-going O&M of the hatchery. The work has already been performed under a cost-reimbursement contract. This additional funding need dates back to work performed prior to FY 2005. The sponsor predicted a funding shortage in FY 04 and requested a Within-Year budget increase in FY04 to cover the anticipated deficit. BPA asked the sponsor to wait until actual expenditures through September 2004, could be calculated at which time the request would be reconsidered.

The need for additional funding during the contract year was not a result of the contractor invoicing for work performed beyond the scope of the project. During contract transition between fiscal years, the performance period of the contract was extended (e.g., a no cost-time extension) to complete work under an existing contract. That work, as well as on-going project implementation work contributed to a deficit that carried over into the following contract periods and budgets. To cover this deficit, funding from the next fiscal year was used. This request will cover the rolling deficit and put the project within the authorized \$536,000 budget for the contract year. Not authorizing these expenditures puts the basic hatchery operation at risk.

Project No. 1993-035-01

Project Name: Lower Red River O&M

Budget Amount Requested: \$99,570

Funding Category: Expense

BOG Category: 3a

The sponsor requested \$99,570 (assumes a 12 month contract) for immediate initiation of O&M activities on the existing property purchased under this project, i.e., the Little Ponderosa Ranch. This project does not have a current FY05 budget because the past sponsor did not want to continue with the project. Estimated FY05 costs would be about \$71,689 out of the total amount requested. It has taken until now for a new sponsor (IDFG) to develop a budget and SOW that provides for a continuation of past O&M actions on the property as approved in the Mountain Snake provincial review.

The scope of the work includes restoring vegetation to the riparian areas through direct planting, and maintaining current vegetation exclosures to allow for sufficient plant growth to overcome heavy browsing. IDFG, through adaptive management, has now developed planting and maintenance techniques that will produce high survival. This current scope of work is a bare bones effort to implement these techniques to maintain current plantings and restore past unsuccessful plantings. This work is within the original objectives and tasks approved during the Mountain Snake provincial review and include the types of actions expected for long-term O&M of acquired fish and wildlife properties.

Project No.: 1987-099-00

Project Name: Dworshak Dam Impacts Assessment and Fisheries Investigations

Budget Amount: \$50,000

Funding Category: Expense

BOG Rating: **3b1**

The Council recommended an FY05 budget of \$160,000 for this project, with the directive that the project be closed-out at the end of the year. The sponsor stated that the proposed funding level was not sufficient to effectively execute the project, even at a reduced scope. The sponsor believes that the ISRP review suggested that the entire project end because one task (strobe light testing), under the broad objective with many other on-going tasks (long-term data sets & surveys), should/would be nearing completion in FY '04. The sponsor agreed the task of strobe light testing would be nearing completion, but not the entire project. The sponsor believes that the project's biological objective has not been achieved, and testing of strobe lights completed only one of the tasks aimed at achieving the biological objective. The project sponsor is ready to proceed with permanent installation of strobe lights at the turbine intakes at the dam; they are planning and budgeting for the final installation. The work to be completed under this request is critical for determining an appropriate installation plan (placement and design) for strobe lights, as well as potentially determining population level effects of entrainment (annual mortality due to entrainment). Not completing this work would result in loss of data from the recently installed fixed-site transducer.

Project No. 1987-127-00

Project Name: Non-Federal Smolt Monitoring Program

Budget Amount Requested: \$21,262

Funding Category: Expense

BOG Category: **3b2**

The sponsor initially requested \$60,000 to staff the monitoring of the separator at Bonneville Dam's juvenile fish bypass facility. BPA authorized \$10,000 on March 2, 2005, to allow PSMFC to perform this task. In the meantime, PSMFC has identified \$28,738 in PIT tag cost savings that can be applied to the BON separator monitoring task. That leaves \$21,262 of additional funding authorization needed to complete this task during FY05.

Project No. 1991-029-00

Project Name: Effects of Summer Flow Augmentation on Snake River Fall Chinook

Budget Amount Requested: \$45,000

Funding Category: Expense

BOG Category: **3b2**

The sponsor requested \$45,000 to fund a third year of this study. Radio tags must be ordered now to ensure their delivery in time for the work. The third year of work is necessary in order to provide a more complete data set, without which the investment in this study would be lost.

Project No.: 2001-055-00

Project Name: Salmonid Response to Fertilization

Budget Amount: \$113,750

Funding Category: Expense

BOG Rating: **3b2**

One of the goals of this project is to learn whether salmon nutrients (i.e., salmon carcasses) improve conditions for juvenile salmonids. The experimental component of this project has not been completed due to delays in obtaining specific permits. These permitting delays have resulted in the project duration being extended from 2 ½ years to 3 ½ years. In order to complete the study, the sponsor needs to process the invertebrate samples that have been collected. The additional FY05 funds requested would be used to complete this important work. By measuring nutrient concentrations, the biomass and production of algae and macroinvertebrates (i.e., fish food), and density and survival of juvenile salmon among streams, the sponsor can estimate whether streams with higher nutrients support more productive food webs and subsequently better conditions for juvenile salmon and steelhead.

Macroinvertebrate data are the only data currently missing. Samples have been collected, but they need to be processed. Without these data, one of the most crucial pieces in the productivity web will be missing and the sponsor will not be able to fully describe the effects of marine derived nutrients on threatened salmonids and their habitats. BPA supports this request.

Project No.: 1995-013-00

Project Name: Resident Fish Substitution Program

Budget Amount: \$26,044

Funding Category: Expense

BOG Rating: **3b3**

The sponsor has stated that lack of the requested additional funds in FY05 would cause the project to fail because primary goals would not be accomplished (ongoing stocking and monitoring of fishery). The project sponsor states that this project needs a permanent yearly increase of \$26,044 for basic funding of O&M activities such as stocking, site maintenance, and

equipment repair and replacement. According to the sponsor, because of the persistent budget shortfalls since 2001, crucial work performed during the busiest part of the contract year (spring and early summer field season when fish stocking operations are performed and angler fishing effort is at its peak) is at risk of not being performed due to lack of funding.

We compared the costs of this project to Duck Valley Reservoir Fish Stocking and Operations and Maintenance (1995-015-06). Approximately 75% of the tasks are similar between projects, i.e., stocking fish, M&E of water bodies and fish conditions, creel census, I&E, and maintenance of the ponds and associated facilities. These are within the original Objectives and Tasks approved under the Mountain Snake provincial review. The Duck Valley project maintains three ponds and this project maintains two ponds. Average salary costs (all staff combined) are slightly higher for the NPT Trout Ponds (approximately 4%) but there is more time spent per pond for the NPT Trout Ponds project. Cost per pond is approximately 26% higher for the NPT Trout Ponds compared to the Duck Valley ponds. Although these are substantial differences, if the NPT Trout pond project is to maintain its current level of activity, which is within the scope of the original approved Objectives and Tasks, BPA believes this request should be supported.

Project No.: 1983-350-00

Project Name: Nez Perce Tribal Hatchery O&M

Budget Amount: \$250,000

Funding Category: Capital

BOG Rating: 5

The NPT is requesting additional FY05 capital funds to bring three-phase power to the Luke's Gulch rearing site and well. The funds would be used to cover the costs of BPA's real estate requirements, purchase private and Indian owned easements, easement titles, cultural resource assessment subcontract, and to purchase access frontage (Newman property) to ensure site access, and any other essential accessories needed to complete power installation to the site. This request would provide for three-phase power with one backup propane generator for the surface water pumps with a payback period of approximately five years. This payback period is based on current fuel costs and four months of operation per year. Fuel costs will continue to escalate and a four-month operation period is conservative, at best. This analysis includes the cost of the power line easements, surveys and timber clearing.

The cost of the access or road easement into the property (approximately \$55,000) was not included in the analysis. The \$55,000 cost would be pursued even without considering the option of bringing in three-phase power because there is a need to secure permanent access to the site under all alternatives. The landowner has put the property up for sale and has no interest in a formal access agreement with the Tribe.

We believe this option is economically viable given the five-year payback period out of a possible 15 – 20 years required to determine the value of the site as a permanent acclimation facility. In addition, three-phase power provides increased facility operation reliability, reduced generator maintenance labor costs, and would be a buffer against potential cost increases of fossil fuels. Over this time period, installing the power line will be cost-effective.

Project No.: New

Project Name: Federally Funded Hatchery Energy Efficiency Improvements

Budget Amount: \$50,000

Funding Category: Expense

BOG Category: **5**

BPA staff has identified at least 16 BPA-funded hatcheries that could benefit from energy efficiency upgrades. BPA funds the annual O&M of these hatcheries through the F&W Program. With an up-front investment in energy efficiency improvements at these hatcheries, the annual O&M budgets should reflect considerable savings. With a commitment of F&W Program funds for the actual energy efficiency upgrades, BPA's internal Office of Energy Efficiency would fund and conduct energy audits of selected hatcheries in FY05. The requested \$50,000 would be used in FY05 to determine priority of implementation based on the findings of the energy audits and to initiate the energy efficiency improvements. BPA's Energy Efficiency Office has estimated that an FY06 budget of \$100,000 would complete the upgrades at the 16 hatcheries. Please refer to Bill Maslen's letter to you, dated September 23, 2004, for additional detail regarding this proposed program.

The total of expense funding requested in this letter is \$927,544. The total of capital funding requested is \$250,000.

Please feel free to contact either Greg Dondlinger at 503-230-5065 or me at 503-230-5499 for further information or if you have any questions.

Sincerely,

William C. Maslen
Director for Fish and Wildlife