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July 5, 2005

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

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

PROPOSED ACTION:

Staff recommends that the following six projects, as defined in the attached Bonneville letter, be approved for the Fiscal Year 2005 expense budget totaling \$359,745.

Category #1 - Emergency

- Project # 1988-053-07, *Hood River Production Program: Powerdale, Parkdale, Oak Springs O&M*, @ \$140,000 expense.

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

- Project # 1983-319-00, *New Marking and Monitoring Techniques for Fish* @ \$200,000 expense.
- Project # 1992-059-00, *Amazon Basin/Eugene Wetlands Phase 2*, @ \$19,745 expense.

SIGNIFICANCE:

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.¹ The staff recommends support for these requests and agrees they meet the criteria of "emergencies" or "critical to project integrity."

¹ As of June 29th, Integrated Program: Expense \$68,568,417.13, Capital \$4,584,766.50.

BACKGROUND:

Late in Fiscal Year (FY) 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 Council meetings. A principal 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.

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

Additional meetings occurred on March 15th and 30th BOG representatives developed a set of criteria to evaluate and prioritize within-year requests. On April 12, 2005, Council staff presented to the Fish and Wildlife Committee and the Council the draft criteria and the within-year requests that Bonneville recommended. The Council members expressed some concerns about the criteria and provided some minor edits but approved them subject to revision in the development of guidance for the FY 2006 budget. Following are the criteria approved by the Council at the April meeting.

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 emergency 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.

Council, Bonneville and CBFWA staffs currently are working on a process to address budget adjustments and to track the start-of-year planning budgets. To provide the needed transparency to the budget adjustment process there will be a need for a flexible review process that incorporates Bonneville, Council and CBFWA reviews. As part of the process, requests will be synchronized to quarterly review meetings. In addition, an identified spending reserve and the use of criteria to evaluate and prioritize within-year requests also are being developed and refined. This process will be defined as part of the Fiscal Year 2006 Fish and Wildlife Program start-of-year planning budget.

On June 30, 2005, Council staff received a letter from Bonneville seeking Council support for budget adjustments for three projects. The total of expense funding associated with these three requests is \$359,745 (see attachment 1).

- Project # 1983-319-00, *New Marking and Monitoring Techniques for Fish* @ \$200,000 expense.
- Project # 1988-053-07, *Hood River Production Program: Powerdale, Parkdale, Oak Springs O&M*, @ \$140,000 expense.
- Project # 1992-059-00, *Amazon Basin/Eugene Wetlands Phase 2*, @ \$19,745 expense.

As you may recall the request associated with the Bonneville Dam Corner Collector PIT Tag Detection Antenna (i.e., Project # 1983-319-00, *New Marking and Monitoring Techniques for Fish*) was a part of the staff decision document in January 2005 associated with within-year project funding adjustments, but was removed from the decision at the request of Bonneville so that additional budget detail and funding responsibilities could be determined.

The request associated with Project # 1992-059-00, *Amazon Basin/Eugene Wetlands Phase 2*, addresses the operation and maintenance of properties associated with this project, specifically the decision made by the Council in August 2004 for the acquisition of the Cuddeback parcel. The request is consistent with the understanding and anticipated costs that Council had at that time.

ANALYSIS:

The budget adjustments requested by Bonneville are of equal rank to the requests approved by the Council in April and June. Based on the knowledge of all requests received to date², staff believes these requests were prioritized using the criteria approved by the Council in April. It is evident that that Bonneville is seeking support for only the urgent requests.

Therefore, Council staff recommends that the three projects as defined in the Bonneville letter be approved, for a total of \$359,745 expense.

² The CBFWA website provides summaries of the status and treatment of each request.

Attachment 1: Letter received on June 30, 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

June 30, 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:

Based in part on current Budget Oversight Group (BOG) process for reviewing requests for within-year project budget and/or scope adjustments, (including review by the BOG members) Bonneville Power Administration (BPA) is presenting the Northwest Power and Conservation Council (Council) with three project requests that it supports. BPA will consider the Council recommendations on these requests, and reassess the status of its contract commitments, billings to date, and end-of-year accrual projections before making a final decision to adjust individual project budgets.

Projects on the current Columbia Basin Fish and Wildlife Authority (CBFWA) website requesting within-year budget adjustments were placed into various categories by BOG as discussed by the Council at the April Council meeting in Boise. That categorization 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. 1983-319-00

Project Name: New Marking and Monitoring Techniques for Fish (Bonneville Dam Corner Collector PIT Tag Detection Antenna Design and Fabrication)

Budget Amount Requested: \$200,000

Funding Category: Expense

BOG Category: **3a**

COTR: Brady

The project sponsor, NOAA Fisheries, originally requested funds in November of 2004 to allow for the design and construction of a PIT tag detection antenna and antenna housing for the Bonneville Dam Corner Collector. The request was acted upon by the BOG and was scheduled for the January 2005 Council meeting. Subsequently, and prior to the Council meeting, Bonneville asked that this request be removed from the January Council meeting agenda because Bonneville and NOAA Fisheries believed that the \$750,000 in the FY05 expense budget for the project might be sufficient to fund BPA's share of this work. BPA was also coordinating with the Corps to establish our respective funding responsibilities. Subsequently, it was determined that an additional \$200,000 would be needed during FY05 and NOAA Fisheries asked that Bonneville seek a recommendation from the Council for this increase.

PIT tag detection in the Bonneville Dam Corner Collector is critical to a large number of anadromous fish research and monitoring projects that include estimation of reach survival, system-wide survival, smolt passage timing and passage indices. Without PIT tag detection capability in the Corner Collector, survival rates for juvenile salmon cannot be estimated with a reasonable amount of statistical certainty. Since completion of the corner collector and recognizing its effectiveness in passing juvenile outmigrants, researchers are already reporting an increase in the uncertainty of their reach survival estimates derived from detection of guided fish alone. Digital Angel has developed a prototype transceiver and PIT tag improvements. The prototype antenna and antenna housing were designed and constructed by the U.S. Army 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 that 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; i.e., design decisions and accountability were not clear enough with separate Corps and BPA contractors designing and fabricating the antenna. The new design more closely represents the design of older antennae that have worked well under field conditions.

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. 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 and fabricate the antenna and antenna housing.

Project No.: 1988-053-07

Project Name: Hood River Production Program: Powerdale, Parkdale, Oak Springs O&M (Water Supply Line Improvement at Oak Springs Hatchery)

Budget Amount: \$140,000

Funding Category: Expense

BOG Rating: 1

COTR: Lofy

The Oregon Department of Fish and Wildlife (ODFW) is requesting additional funding for the Oak Springs Hatchery to replace the supply headers for the lower ponds due to their deteriorated condition. The BOG has agreed with the sponsor that replacement of the supply header constitutes an emergency condition that must be addressed to avoid imminent failure and resultant risk to rearing fish. The Hood River Production Program accounts for 18,000 pounds of wild summer and winter steelhead annual production, or 71% of the total production of these ponds. Based on many years of experience of raising hatchery stock, the lower ponds are the best place on the hatchery facility to raise the sensitive wild progeny for the Hood River project. Oak Springs Hatchery is a large, sprawling facility, and its operational structures are an eclectic mix of age and design dating from the 1930's to the 1990's. Although the intake was upgraded in 1989, deficiencies in the last 60 feet of the line and numerous holes have become evident. Short-term patches have continued to provide temporary relief for recent leaks, but new holes are occurring frequently which suggests severe water supply collapse is imminent. If one of the lines failed at, or near, the end of the rearing cycle based on current flows, there would be 30-35 lbs of fish per gallon per minute of inflow. In the worst case, if both lines for the lower ponds were lost simultaneously it would result in a catastrophic fish loss. We believe that the risk of losing one or both lines requires immediate attention.

Project No.: 1992-059-00

Project Name: Amazon Basin/Eugene Wetlands Phase 2

Budget Amount: \$19,745

Funding Category: Expense

BOG Rating: **3a**

COTR: Welch

The Nature Conservancy (TNC) is requesting additional funds for the operation and maintenance of properties associated with this project. Two changes that have occurred within the last year have led to TNC's decision to request these funds. In September 2004, four new parcels (Christensen, Cuddeback, Alvord and Rathbone) were added to Bonneville's conservation easement at Willow Creek. These additional 164 acres, and the associated management, require additional efforts both in personnel and funding to sustain existing habitat unit (HU) credits.

The second budget request change is associated with prescribed burning. TNC has had five prescribed fires at Willow Creek since 1985. TNC has documented successful results from these fires including reduction in non-native species, increase in native species and reduction of encroaching woody vegetation. TNC would like to increase the size and frequency of our prescribed fires to further help the management of Willow Creek. With the additional funding, TNC can contract prescribed burns on an annual basis, therefore increasing the chances for success in maintaining existing Habitat Units (deferring the prescribed burns will result encroachment by non-native species and decreases in HU's for focal species)

Again, we are considering these requests in the context of current contract commitments, billings to date, and end-of-year accrual projections. However, we believe we are near the limit of our financial exposure on the expense side of the budget for the year.

Please feel free to contact either Greg Dondlinger at 503-230-5065 or me at 503-230-5549 for further information or if you have any questions.

Sincerely,

William C. Maslen
Director, Fish and Wildlife

cc

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. Brian Lipscomb, 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
R. Austin – KEW-4
G. Dondlinger – KEWB-4
R. Beaty – KEWL-4
P. Lofy – KEWL-4
J. Brady – KEWR-4
S. Bettin – KEWR-4
J. Rowan – KEWR-4
M. Shaw – KEWU-4
D. Welch – KEWU-4
P. Key – L-7
Official File – EX-15-18