

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

September 29, 2005

MEMORANDUM

TO: Council Members

FROM: Patty O'Toole, John Ogan

SUBJECT: Project Selection Process -- Committee Recommendation

Action Requested: Review and approve the recommendations of the Fish and Wildlife Committee on key elements of a project selection process for Fiscal Years 2007 through 2009, and direct staff to incorporate those elements in a project selection guidance document to be provided to the public in the solicitation for project proposals.

Introduction: The Fish and Wildlife Committee met on September 27th to continue its discussions from the Spokane meeting on the design and launch of a project selection process for Fiscal Years 2007 through 2009.

Chair Whiting started the meeting by asking each member to identify the issues that they believed needed to be resolved in order for the Committee to develop a recommendation for the project selection process design for consideration of the full Council at its October meeting in Eugene. Responses of the members were focused on key unresolved elements of the process as proposed by the staff in September, and were noted substantially as follows:

- Definitions of key terms or concepts
- Allocation
 - Selection of appropriate "base year" for determining historical province allocation;
 - Consideration of Bonneville's 70/25/5 goals;
 - Distribution of funding by anadromous, resident fish, wildlife focus -- the Program's goal of a 70%-15%-15% distribution;
- Schedule

The Committee and staff discussed and developed recommendations for each of these issues. At the October meeting, the Committee will seek full Council support for those changes, and have the guidance document provided in September updated with these changes so that the solicitation process can be initiated as soon as possible following the October Council meeting.

Discussion

1. Definitions

In Spokane, Committee members asked for definitions of key concepts or terms. At the meeting, the staff proposed that primary the definition needed is to describe/understand what work would be reviewed in the provinces (what would be considered “on -the-ground”) and what work would be reviewed in the regional, systemwide review (not-“on-the-ground”). The Committee agreed.

The Committee reviewed criteria developed by the staff that should be applied to sort proposals into the systemwide review compartment and province review compartment. Attachment A is the staff memo reviewed by the Committee that sets forth criteria that would be used to define which proposals are reviewed in Systemwide versus Province process (locally led based on subbasin plans).

There was significant discussion on the topic of whether or not additional definitions were needed for “monitoring and evaluation” and the various *types* of monitoring and evaluation. Ultimately, the Committee concluded that additional definitions of this type were not needed to start of the project selection process. The Committee believes that this type of additional definitional work is critically needed, but that it should be done as part of developing definite guidance for a regional monitoring and evaluation framework. Further, the Committee was unanimously and strongly in favor of the Council taking a leadership role in advancing the development of a regional monitoring and evaluation framework and program that, in the future, can shape and prioritize monitoring and evaluation activities.

Key point: The Committee recommends that the Council endorse, and the guidance document be modified to include the criteria that defines what proposals are reviewed in the province versus those reviewed on a systemwide basis. This resolves the outstanding “definitions” issue sufficiently for purposes of initiating the project selection process.

2. Allocation Issues

- Province allocations

The Committee recommends that the appropriate “base years” for determining historical allocation is the FY 04-06 budget average (Council recommended budgets) for “on-the-ground” projects. Attachment B is a table that sets forth those Province level allocations, as well as the Systemwide allocation.

Key point -- the Committee recommends the historical Province allocations set forth in Attachment B.

- Bonneville's 70/25/5 ("on the ground"/R, M, E/coordination) proposal

The Committee noted that the Council had not yet accepted or endorsed this construct proposed by Bonneville. While the Committee discussion evidenced agreement with the implicit intent of the proposal -- to maximize funding resources to activities that have a direct positive influence on fish and wildlife. However, the Committee observed that: (1) to date and after much review of the activities currently funded, there has not been information or details provided to demonstrate that there really is a problem in this regard, and second, and (2) that the region must have a more definite, integrated framework for monitoring and evaluation and for research developed in a deliberative manner should be in place to size these efforts, and without such, the allocation seemed too arbitrary.

Key point: The Committee recommends against using Bonneville's 70/25/5 proposal as a prescriptive concept for setting allocations. The Committee urges the Council to make it a priority to lead the development of a regional monitoring and evaluation and research framework that can be used to set prioritize and efficiently fund these types of activities.

- 70/15/15 (anadromous, resident fish, wildlife)

The Committee does not believe that Bonneville's ability to fund resident fish and wildlife projects -- and especially wildlife projects -- with capital is certain enough to rely on capital funding to meet the program goal of 70/15/15. To make achieving that Program goal more certain, the Committee recommends that the historical allocations be adjusted to achieve a 70/15/15 split using the expense funding. See Attachment B.

The Committee noted two caveats: (1) If a proposal is ultimately capitalized, the expense allocation for that project must return to a regional reallocation process (does not stay with a particular province), and; (2.) The Council will need to have a list of candidate proposals (positive ISRP review and high prioritization by local group) that can be implemented if expense funds are made available by capital funding decisions or if expense funds otherwise become available.

Key point -- Adjust the historical expense fund allocations for the provinces to make achieving 70/15/15 more certain as presented in Attachment B.

3. Schedule

The Committee continues to recommend the basics of the schedule proposed in September, with the continuing directive to staff to make any adjustments possible to expedite the ability for Bonneville to start contracting Council recommended proposals.

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Criteria Discussion for “on-the-ground”

Overview

We gathered a group of available state and central staff together on 9/20/05 to discuss organization of the program for the 07-09 project selection. Our goal was to more clearly define the concepts we are using to organize the Program and ultimately, to allocate funding. We want to be more explicit in our discussions with the F&W Committee.

In the Power Function Review close-out letter, Bonneville proposed the concept that 70% of the Program funding should be for on "on-the-ground" work; 25% for Research, Monitoring and Evaluation; and 5% for coordination. However, BPA did not provide any guidance for how this allocation formula should be applied to the Program or implemented in practice, nor has the Council agreed to adopt the proposed formula. Nevertheless, staff has been working with this formula to see how well it portrays our current circumstance and how well it might guide the FY07-09 funding cycle. Yet at the Council meeting in Spokane it became clear from our exchange with the Committee that staff needed to develop a scenario that would illustrate what the application of the proposed formula would look like if applied to the projects on-going at this time.

We understand this to be the major, important definition issue -- what is “on the ground” and what is “not on the ground.” Consequently, staff examined the project list for FY 2006 and assigned the particular projects to broad categories.

Analysis

A previous joint workgroup of council, Bonneville and CBFWA staff attempted several months ago to categorize, research, artificial production, and habitat projects, using the FY 2006 project list. On 9/20/05 available central and state staff applied the labels of “on the ground” or “not on the ground” after thinking about what common features (criteria) do those projects have that caused us to think of them as in those terms. If we could identify those features or criteria, we would have our initial definitions.

1. “On the Ground (local or province scale)” project criteria:

- Their actions seek a direct change in a specific subbasin or habitat feature (“change” can include protection of current stock or habitat quality);
- The actions seek specific localized fish, wildlife, or habitat benefits;
- They are primarily habitat protection or restoration related actions, artificial production actions and associated with the particular subbasin.

We believe that “on the ground” projects are those where activities with those characteristics above constitute the majority of the proposal. We would continue to allow some monitoring and evaluation work in these on the ground projects, capped (soft) at 5% of the proposal total, for compliance/implementation monitoring as described in the guidance developed by Council and Bonneville staff (in September packet).

These sorts of projects would be funded within the 70% target, and guided by subbasin plans, prioritized by local groups.

Some projects that are primarily or fully focused on monitoring and evaluation may be considered “on the ground” also. R,M&E focused projects might be considered “on the ground” if:

- They are designed specifically to provide information about a specific “on the ground local” project(s) that manipulates a specific population or habitat feature; and
- That information is directly and specifically used in decisions about whether or not those other management actions (projects) should be continued, modified, or terminated

These sorts of projects might be funded within the 70% target. As you see by the definition, they have to be linked to other projects that will be guided by subbasin plans, and these projects also would have to be prioritized locally.

2. “Not on the Ground (systemwide)” criteria

If a project does not have characteristics such as those in 1. or 2. above, it is not “on the ground”. In most cases, these projects have the following features:

- They focus on monitoring populations or habitat, but are not clearly linked to informing, in a specific and direct way, the management actions or projects that manipulate those populations or habitat;
- They seek to expand the general knowledge about a species or the environment;
- They are for information management and coordination generally

With the above definitions, our staff group did a very quick and rough grouping of projects on the two sides of our spider diagram to see how FY 06 would have looked against the 70% - 25% - 5% targets.

Results:

With these definitions as guidance, our staff group did a very quick and rough grouping of projects on the two sides of our spider diagram to see how FY 2006 would have looked against the 7%-25-5% targets. Remember that we examined FY 06 as a test to see where we would be right now if we used the definitions above. This does not change or do anything to a 06 project; they were only used to get a feel for where we currently stand.

A. An initial assessment:

	<u>BPA target</u>	<u>Current program (as assessed 092005)</u>
On the ground:	70%	77%
R, M&E:	25%	17%
Coordination:	5%	6%

As you can see, if we use our definitions as loosely applied in this exercise, this 70/25/5 is much adieu about nothing! We are essentially there. However, it is possible that you may want to take a more aggressive approach about the r, projects that we decided **could** be “on the ground”. For example, we could take those r, focused projects that monitor the status and trend of a population or habitat that is being worked on, and move it over to the systemwide side and compare with the 25% target (option B). This is an option, and if we wanted to do that, our guidance and solicitation letter would just be clear that it does not matter that your new or ongoing work is monitoring an on the ground project -- no matter what, it goes over to the systemwide side. Once there, a regional work group would have to make the hard calls about how much of that work can be done and where it would be done -- it would not be a local decision.

B. A more aggressive approach, that moves status and trend type, initially placed in the “on the ground” category above over to the systemwide side would look like this:

	<u>BPA target</u>	<u>Current program (as assessed 092005)</u>
On the ground:	70%	59%
R, M&E:	25%	33%
Coordination:	5%	8%

C. A yet more aggressive approach would be to try to consider all within the Program on the systemwide side, including associated with artificial production. A very rough, ball park estimate of this is at least around \$6 million (could be as high as \$10 million). This scenario would look like this:

	<u>BPA target</u>	<u>Current program (as assessed 092005)</u>
On the ground:	70%	<55%
R, M&E:	25%	>37%
Coordination:	5%	8%

Further staff work will be occurring this week related to the 70-15-15 allocation discussion and comparing proposal province allocation against recent SOYs.

Again, this exercise was simply a quick and rough look at FY 2006 projects and how the criteria for “on the ground” could be applied. We were not focused on precision but on rough estimates to get a sense of where we might stand today.

w:\po\ww\2007\onthe ground criteria 092805.doc

BY PROVINCE	2004 - 2006 Average for Council recommendations (all subbasin on the ground, coord and M&E)	Province Percent	Calculated @ \$97,965,000 70-25-5% split	% of anadromous or resident and wildlife budget	Adjustment needed for 70-15-15 realignment	Province budget for 70- 15-15	Adjusted Province %for 70- 15-15 Alignment	Calculated @ \$97,965,000 70 25-5% split with 70-15-15 overlay
Blue Mountain	\$8,455,644	8.0%	\$7,792,208	10.5%	\$1,328,116	\$7,127,528	6.7%	\$6,568,297
Columbia								
Cascade	\$3,560,981	3.3%	\$3,281,584	4.4%	\$559,318	\$3,001,663	2.8%	\$2,766,150
Columbia								
Estuary	\$4,344,944	4.1%	\$4,004,036	5.4%	\$682,454	\$3,662,490	3.4%	\$3,375,128
Columbia Gorge	\$6,302,475	5.9%	\$5,807,978	7.8%	\$989,921	\$5,312,554	5.0%	\$4,895,727
Columbia								
Plateau	\$25,800,679	24.3%	\$23,776,337	31.9%	\$4,052,476	\$21,748,203	20.5%	\$20,041,822
Intermountain	\$10,181,773	9.6%	\$9,382,903	39.9%	\$5,066,332	\$15,248,105	14.3%	\$14,051,726
Lower Columbia	\$1,664,584	1.6%	\$1,533,980	6.5%	\$828,278	\$2,492,862	2.3%	\$2,297,270
Middle Snake	\$2,253,008	2.1%	\$2,076,236	8.8%	\$1,121,071	\$3,374,079	3.2%	\$3,109,346
Mountain								
Columbia	\$8,407,208	7.9%	\$7,747,572	33.0%	\$4,183,329	\$12,590,537	11.8%	\$11,602,674
Mountain Snake	\$19,884,724	18.7%	\$18,324,553	24.6%	\$3,123,265	\$16,761,459	15.8%	\$15,446,342
Systemwide	\$7,959,740	7.5%	\$7,335,213	9.9%	\$1,250,225	\$6,709,515	6.3%	\$6,183,081
Upper Snake	\$1,051,706	1.0%	\$969,188	4.1%	\$523,316	\$1,575,022	1.5%	\$1,451,445
Mainstem res	\$1,947,150	1.8%	\$1,794,375	7.6%	\$968,879	\$2,916,029	2.7%	\$2,687,235
Mainstem anad	\$4,491,224	4.2%	\$4,138,839	5.6%	\$705,430	\$3,785,794	3.6%	\$3,488,757

Regional Total	\$106,305,840	100%	\$97,965,000		\$106,305,840	100.0%	\$97,965,000
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					Total	70% Target
Anadromous		Resident &				
Subbasin	\$80,800,411	76.0% Wild Subbasin	24.0%	\$25,505,429	\$106,305,840	
Anadromous		Resident and				
Regional	\$31,183,169	87.7% Wild Regional	12.3%	\$4,357,242	\$35,540,411	
Anadromous		Resident and				
Total	\$111,983,580	78.9% Wild Total	21.1%	\$29,862,671	\$141,846,251	\$99,292,375.70
Anadromous		Resident and				
Target	\$124,492,376	70.0% Wild Target	30.0%	\$53,353,875	\$177,846,251	\$12,691,204.33
Anadromous		Resident and				
Capital needed		wild Capital				
for 70% of total		needed for				
program	\$12,508,796	30% of total		\$23,491,204		