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November 3, 2005

## MEMORANDUM

**TO:** Council Members

**FROM:** Lynn Palensky

**SUBJECT:** Columbia Basin Water Trust Program (CBWTP) Review Proposal

**ACTION REQUESTED:** Direction from Council for staff to continue working with the National Fish and Wildlife Foundation and Bonneville on refining the review structure and timeline for this program. Attached is the current draft proposal and timeline for your review.

### Background

Through fiscal years 2003 - 2005, this partnership invested approximately \$5.6 million of Bonneville funds in the (qualified lead entities (QLEs) to build up their capacity to work with private parties to purchase water rights. Over \$2 million of Bonneville funds was spent during this period of time for actual transactions, resulting in almost 1,000 in-stream miles protected. By September 6, 2005, these QLEs had completed nearly 100 transactions in this program across seven of the region's eleven ecological provinces.

In this context, the timing is appropriate to assess the realized value for conservation, through the investments in QLEs and those for water transactions. Such an evaluation would also be consistent with the Northwest Power and Conservation Council's 2000 Fish and Wildlife Program amendments which require "accountability provisions" for a water transaction program and also with RPA 151 of the 2000 Federal Columbia River Power System Biological Opinion which states that "an objective third-party evaluator will review the program after 5 years." Council staff has been working within a group of people representing NFWF, Bonneville, and NOAA on the scoping and development of this review.

### Next Steps:

- November/December - discuss options for funding review and who would conduct review.
- Talk with group about how the project proposal reviews by the ISRP fit in with the CBWTP program review.
- Come back to Council at February/ March meeting with a solid proposal, timeline and costs.
- Anticipated final proposal to go to NFWF Board for review and approval in April.

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**CBWTP Evaluation**  
**DRAFT Proposed Budget, Plan and Timeline**  
**National Fish and Wildlife Foundation**  
**November 1, 2005**

The National Fish and Wildlife Foundation (NFWF) and Bonneville Power Administration (BPA) entered into a formal partnership in 2002 for supporting an innovative approach for conservation of fish habitat through voluntary water transactions with willing private property owners throughout the Columbia River Basin. This partnership in the Columbia Basin Water Transactions Program is at the forefront of innovations done in conservation in this country, in devising cooperative, market-based solutions for addressing the contentious issue of water use for meeting the mutual needs of fish and wildlife as well as agricultural producers and others. The partnership structure also is innovative where ten non-profits (three state agencies and seven non-profits) in the four states are recognized as “qualified local entities” (QLEs) with the responsibility for negotiating with landowners to acquire water rights (permanent or leased) on critical habitat affecting native salmonids.

Through the first two fiscal years of 2003 and 2004, this partnership had invested approximately \$2.5 million of BPA funds in the QLEs to build up their capacity to work with private parties to purchase water rights. Close to an additional million dollars of BPA funds was spent during this period of time for actual transactions, resulting in almost 630 in-stream miles protected. By September 6, 2005, these QLEs had completed nearly 100 transactions in this program across seven of the region’s eleven ecological provinces.

In this context, the time is opportune to assess the realized value for conservation, through the investments in QLEs and those for water transactions. Such an evaluation would also be consistent with the Northwest Power and Conservation Council’s 2000 Fish and Wildlife Program amendments which requires “accountability provisions” for a water transaction program and RPA 151 of the 2000 Federal Columbia River Power System Biological Opinion which states that “an objective third-party evaluator will review the program after 5 years.” Evaluating the results of these past conservation activities poses substantial challenges; sharing and acting on the lessons learned are equally as daunting. The objective, then, is to review the results of the program’s investments to date in order to discover what did and did not work and to communicate our findings to funders, QLEs and other interested stakeholders. It will be equally important to characterize the benefits of this type of program for ascertaining how to modify the program for better results for supporting the next generation of investments.

To achieve this objective, a third-party evaluation will be conducted to assess changes in the capacity of the QLEs as well as on-the-ground changes to salmonid habitat and the responses of the salmonids resulting from the water transactions. Upon completion of the evaluation, the results will be the centerpiece of a symposium. The symposium will be targeted to the funding partners, QLEs, additional private and public funders with an interest in this approach to conservation, and other key interest groups.

The approach to this meta-project evaluation closely parallels that developed for the several recent contracted studies initiated by NFWF. The evaluator will be directed to quantify impacts resulting from the investments. In this case, impacts relate to both ecological changes in flow and fish habitat, as well as organizational changes in the capacity of funding entities, QLEs and other key stakeholders to engage in transactions. These impacts will be compared to project grant awards to assess their overall "cost effectiveness" in measuring quantified impacts to funding from federal and non-federal sources. The specific questions targeted for this evaluation include, but are not limited to:

1. How has CBWTP investments increased the capacity of QLEs to engage in water transactions?
2. How have the investments in water transactions affected the quantity of flow and amount and quality of habitat for salmonids?
3. How have/can the responses of salmonids from investments in water transactions be monitored and quantitatively measured? (Link to the research, monitoring and evaluation (RME) framework that NOAA is developing.)
4. How well has CBWTP help provide an effective means for coordinating federal, state and local organizational efforts for increasing instream flows? What is the added value provided by this partnership approach?
5. How well is the CBWTP able to adapt to satisfy objectives of the Fish and Wildlife Program relating specifically to its subbasin plans and recovery plans (where they exist)?
6. How has CBWTP programmatic activities affected the agricultural uses in achieving targeted water flows?
7. How has the economic market and processes for flow transactions changed since the CBWTP started? / How has the CBWTP affected the economic market and processes for flow transactions?
8. What incentives are being used in the program and what other incentive programs could be used to encourage participation in the program?

The evaluator will use these results to recommend best practices for guiding future grant giving and technical assistance in this area of conservation. This will include (1) identifying alternatives for investment strategies promoting long-term strategic choices over short-term opportunities, (2) options for increasing the capacity for monitoring of changes in flow, habitat and responses of salmonid, and (3) assessing the administrative effectiveness of the CBWTP program as a whole. One expectation is for the evaluation to identify specific activities that the program can adopt to be more strategic about where it invests in transactions. In the process, the evaluator will be directed to assess the applicability of the CBWTP program as a model that can be replicated in other areas of the country.

For this evaluation to succeed, it must lead to more informed grant giving for the next generation of water transaction investments in the Columbia River Basin. This necessitates a deliberate approach to sharing information from the evaluation with key parties working to conserve native

salmonids in this basin. To accomplish this goal, the evaluation will culminate in a symposium involving the funding partners, QLEs, and other key stakeholders. The objectives of this symposium include:

- (1) Strengthening and expanding the program's network so that it may sustain and expand its efforts at voluntary transactions for expanding quantity of flow and amount and quality of in-stream fish water habitat;
- (2) Increasing the technical capacity of QLEs and others to effectively complete long-term and permanent transactions;
- (3) Increasing the technical capacity of QLEs and partners to monitor changes in stream flow, habitat and responses of salmonids; and
- (4) Refining the Partnership's priorities for the next three years.

A timeline and budget for the effort follows. It is anticipated that the symposium will be held in May 2007.

## **TIMELINE**

(may need to be modified)

### **PHASE I: CONCEPT DEVELOPMENT (September 2005- January 2006)**

- (1) Meetings with BPA, NOAA, NPCC and NFWF on evaluation strategy and respective responsibilities of organizations for undertaking initiative
- (2) QLE feedback on evaluation strategy
- (3) Funding parties' formal agreement on overall timeline and budget for completing the evaluation and symposium

### **PHASE II: EVALUATION PLANNING (February 2006 –June 2006)**

- (1) Formalization of agreement for evaluation
- (2) Drafting of an RFP
- (3) Selection of a third-party evaluator
- (4) Finalization of contract with selected evaluator
- (5) Completion of logistical details for facilitating implementation of third-party evaluation (e.g., file archives, website access, dates for progress updates by evaluator)

### **PHASE III: IMPLEMENTATION OF EVALUATION (June 2006 – APRIL 2007)**

- (1) Initial interviews and focus groups with stakeholders (June 2006)
- (2) Archival research of program files (June-July 2006)
- (3) Interviews with QLEs (July 2006 2006)
- (4) Survey of project grants (August 2006)
- (5) Site visits of selected projects (August 2006)
- (6) Preliminary report/presentation of findings (November 2006)
- (7) Review of draft final report (January 2007)
- (8) Finalization of final report (March 2007)
- (9) PowerPoint presentation for symposium presentation (April 2007)

### **PHASE IV: SYMPOSIUM PLANNING (SEPTEMBER 2005 – APRIL 2007)**

- (1) Development of team for overseeing planning of symposium
- (2) Finalization of symposium meeting date and location
- (3) Approval of budget (room, supplies, equipment, meals)
- (4) Formalization of symposium agenda
- (5) Development of website section for dissemination of materials, evaluation reports and creation of e-communities (e.g., online message boards)
- (6) Logistics

### **PHASE V: EXECUTION OF SYMPOSIUM (MAY 2007)**

#### **Day 1**

- (1) Evaluator presentation of formal report
- (2) Participant feedback to evaluator's key findings and recommendations
- (3) Keynote luncheon presentations by officials from BPA, NOAA and NPCC
- (4) Afternoon capacity-building sessions:
  - a. Acquisition strategies
  - b. Outreach and education to landowners and public at large

- (5) Evening reception (with presentation by NFWF officials)

**Day 2**

- (1) Morning capacity-building sessions:
  - a. Evaluation and monitoring
  - b. Regional networking (introducing new e-communities tools)
- (2) Announcement and Discussion of FY 2008 and FY 2008-20010 Funding Priorities
- (3) Review of key recommendations and actions.

**PHASE VI: FOLLOW UP (May 2007+)**

- (1) Uploading of conference proceedings and other materials onto revamped website (with cross-links to BPA, NOAA and NPCC websites)
- (2) Implementation of e-communities
- (3) Creation and oversight by advisory committee to monitor implementation of recommendations
- (4) Follow-up evaluation and dissemination activities

## Budget Estimate

### Third-Party Evaluation (\$125,000)

*Includes:*

- (1) Archival research of all 97 files and statistical analysis of programmatic data, (2) in-person interviews and focus groups with representatives from BPA, NOAA, NPCC, NFWF, 10 QLEs and other key parties; (3) surveys with QLEs on all transactions completed to date, and (4) site visits on representative sample of sites where transactions have been completed.*
- (2) Three in-person meetings in Portland, Oregon during conduct of evaluation: (a) May 2006 for initial interviews and reviewing of contractor's evaluation plan details; (b) September 2006 for discussion of preliminary findings; (c) February 2007 for discussion of final findings.*
- (3) In-person participation at symposium*
- (4) Monthly telephone calls for progress updates with NFWF liaisons (Matt Birnbaum and Andrew Purkey)*
- (5) 150 hard copy reports + 50 CDs*
- (6) Symposium presentation*
- (7) All related operating expenses (including travel)*

### NFWF Oversight by NFWF Conservation Science Officer (estimated at 240 hours)

Responsibilities include:

- (1) Facilitating planning meetings with partners;
- (2) Drafting and coordinating solicitation of third-party evaluator using third competitive bidding with RFP;
- (3) Review of statistical and qualitative methods used by evaluator in conducting each phase of the investigation;
- (4) Review of drafts of presentations and reports;
- (5) Logistical oversight;
- (6) Coordination in planning of symposium;
- (7) Creation of special documents and tools through website; and
- (8) Coordination in organizing press event announcing report's findings at symposium.

The Conservation Science Officer will make five trips from Washington, DC to Portland during the life of the investigation for interacting with other advisory members to this investigation:

- (1) Selection of third-party evaluator;
- (2) Initial orientation of contracted evaluator in beginning formal investigation;
- (3) Third-party evaluator's vetting of preliminary presentation of findings;
- (4) Third-party evaluator's vetting of final findings (as well as final stages of planning for the symposium)
- (5) Participation in symposium

### Symposium

*Estimate for symposium is incomplete at this point in time. Expenditure items are as follows:*



- (1) *Logistics planning* (preparation and management of conference preparation timeline, management of conference organization, planning with conference presenters/conveners, conference marketing, conference registration services, management of program materials, on-site food and beverage management).
- (2) *Conference room site*
- (3) *Supplies and equipment* (e.g., name tags, A/V equipment, and liability insurance).
- (4) *Meals/refreshments*.
- (5) *Webpage revamping* (digitization of formal presentations and symposium transcripts; general upgrading of web page and creation of additional e-community tools).

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November 3, 2005

## MEMORANDUM

**TO:** Council Members

**FROM:** Lynn Palensky

**SUBJECT:** Project Performance Reviews

**ACTION REQUESTED:** Direction from the Council to move forward in further developing the review structure. This memo represents the next step in the work to scope how a performance audit, or review, might be structured.

### Background

At the August meeting in Missoula the Council directed staff to look at options and considerations for conducting performance audits on projects funded through the fish and wildlife program. At the September meeting, staff presented Council members with six methods or approaches for performance audits. The Council members selected the sixth approach (minus item #4) to best meet their objectives. The Council members also agreed to some general principles in scoping out a process:

- Start small (*in numbers of projects*)
- Review contract compliance (*terms of the contract*)
- Include if and how projects are meeting their stated objectives (*from the contract*)
- Review small sample size from projects in each category: hatcheries, wildlife, habitat, research, monitoring and evaluation, and coordination
- Evaluate ongoing and completed projects (*not new or future projects*)

### Evaluation Objectives

The overall goals of the review would be to look at and assess performance at two levels: on-the-ground *project performance* and *financial* aspects and make recommendations for improving these areas based on the findings.

First, this review will result in findings and recommendations of *individual projects* -- the planned vs. actual aspects of the individual projects -- in meeting stated objectives, schedules and budgets. Reviews of individual projects will result in findings for that project.

Second, the reviewers will make observations of the group of projects. They will compare and contrast issues observed among projects and within projects types. For example, are there issues that typically arise for a particular project type? Or is there a budget category that all projects seem to over/under estimate?

The final report would then include observation and recommendations for individual projects, but more importantly, observations and recommendations of projects that have broader application for the program. For example, is there something that consistently occurs with projects that the Council, Bonneville or sponsors could improve on that would affect many projects? At the end of this review the Council and Bonneville should have some recommendations for program improvements.

The table below lists the evaluation areas, specific questions to be answered and the likely sources that the evaluators would go to get the information.

	<b>Questions to be answered in the performance review</b>
<b>A. Plan</b>	Does or did the project have clear goals, objectives, milestones and time schedules?  <i>Sources: Application, contract, ISRP review</i>
<b>B. Progress</b>	Did or is the project meeting its biological goals, objectives and milestones? (Include any approved amendments of scope changes)  <i>Sources: progress reports, site visits, interviews, approved amendments</i>
<b>C. Financial</b>	Did or do the project budget and expenditures appear reasonable and appropriate?  <i>Sources: contract budget, documentation of cost-share funding sources, subcontracts</i>
<b>D. Planned vs. Actual</b>	How have the project budget, funding and expenditures changed over the term of the contract? (Actual vs. planned, cost increase amendments, rate of expenditures)  <i>Sources: contract budget, invoices, amendments,</i>
<b>E. Findings</b>	Identify areas of possible improvement in all studied aspects: project management, administration, meeting stated goals and objectives, meeting goals and objectives with more efficient and/or cost effective methodologies. Sources: reviews of individual projects -- observations and findings. Of all projects, and within project types.  <i>(Will be the focus of the final report)</i>

## **Project Selection**

Initially, Council members wanted to begin with a review of 20 projects selected from the different projects types of past or ongoing projects -- hatcheries, wildlife, habitat, research and monitoring and evaluation, coordination. After further consideration of time, funding and structure, staff recommends that this be a phased project over the next year. This approach would begin with a review of four projects within a particular project type, complete the review and move on to another group of four of a different type. This would allow the Council to understand the structure; cost and time involved with such a review so we can adjust for the next set. Whatever approach we take, we'll still need to set criteria for which we select projects to be reviewed. Some consideration might include:

- A mix of on-going and completed projects
- Cost threshold
- Number of amendments, scope changes or cost increases
- Completely random sample
- Recommendations by a consensus group

## **Evaluation Team Selection**

Staff has considered a number of options for who might conduct this work. The possibilities range from an outside consultant or auditing firm to a group of council/Bonneville staff, or a blend of individuals. In a discussion with Bonneville staff this week we acknowledged that much of the contract information contained within items B, C and D could be easily obtained and compiled by staff.

## **Cost**

There have been examples of similar projects that give staff a reasonable idea of the cost for a project like this. At a minimum, the Council should expect estimates for an outside auditing firm or qualified consultant to be a minimum of \$20,000 for four projects. However, if we were to complete an initial project to start, we would have a solid basis for determining time and effort for such work. There may be ways to cut costs and time; depending on who is selected to conduct the work and the further refinements of the review structure. Funding for this would need to be approved by the Council as a within-year request.

## **Draft Timeline**

1. Develop review structure (September - December 2005)
2. Request for Proposals (December 2005 - January 2006)
  - Drafting of an RFP
  - Selection of a third-party evaluator
  - Finalization of contract with selected evaluator
  - Completion of logistical details for facilitating implementation of third-party evaluation (e.g., file archives, website access, dates for progress updates by evaluator)
3. Performance Evaluation Implementation February - March
4. Final Report to Council - April 2006
5. Review process - April 2006
6. Make Recommendation for next phase May 2006

