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January 10, 2006

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

SUBJECT: Funding recommendations for Updated Proposed Action (UPA) habitat proposals
- Project #2005-004-00 Whitehall Wells and Project #2005-003-00 Entiat 4-Mile Wells

PROPOSED ACTION:

On October 12, 2005 Council staff received five proposals from the Bonneville Power Administration (see attached letter) addressing the Updated Proposed Action (UPA) for the 2004 Biological Opinion for Federal Columbia River Power System. On December 14th the Fish and Wildlife Committee recommended funding for two of these proposals. At your meeting in January the Council staff will provide an overview of this submittal and present the Fish and Wildlife Committee recommendation for the Council approval of these two proposals.

SIGNIFICANCE:

The Fish and Wildlife Committee recommends that the Council approve Fiscal Year 2006 funds, not to exceed \$148,700, for the Updated Proposed Action (UPA) Whitehall Wells and Entiat 4-Mile Wells as defined in the submittal received from Bonneville Power Administration on October 12, 2005.

BUDGETARY/ECONOMIC IMPACTS:

Bonneville is requesting \$148,700 in Fiscal Year 2006 for these two projects.¹ It is anticipated that the proposed projects will be completed during Fiscal Year 2006. There likely will be additional projects implemented in Fiscal Year 2006 in order to meet the Action Agencies' metric goals for these three subbasins. In addition, Bonneville expects to integrate the UPA

¹ As part of the FY 2006 recommended Start-of-Year budgets, the Columbia Cascade UPA habitat measures were budgeted at \$2,400,000.

habitat project implementation in Fiscal Year 2007 and beyond with the Council's program as part of a future solicitation process.

BACKGROUND:

Bonneville, the Bureau of Reclamation (Reclamation), and the U.S. Army Corps of Engineers developed the UPA for their joint operation of the Federal Columbia River Power System (FCRPS). The UPA includes a program to improve the quality of tributary habitat to help provide “off-sets” to the impacts of hydropower operations on the survival of certain listed anadromous species (Evolutionarily Significant Units, or ESUs). Together, the Action Agencies have agreed to address specific limiting factors on the survival of these ESUs in specified areas of their passage, spawning and rearing habitats. The effects of the November 24, 2004 UPA were evaluated in a revised Biological Opinion regarding the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to Section 7 of the Endangered Species Act (ESA).

NOAA Fisheries analyses determined that habitat actions addressing limiting factors have the potential to increase the ESU populations. The updated NOAA Fisheries analyses for the Biological Opinion found that a qualitative estimate of improvement is needed for Upper Columbia River spring Chinook and steelhead. To fill part of that gap, Bonneville agreed to help achieve tributary habitat metric goals to improve overall survival for fish in these ESUs during their spawning and rearing life stages. The proposed action to meet these goals focuses on four limiting factors: fish entrainment, instream flow, channel morphology and riparian protection/enhancement. These proposed projects will assist in achieving milestones set forth and described in the tributary habitat action section of the UPA at three- and six-year intervals.

Reclamation provided funds for the planning and design of these projects. Bonneville’s strategic approach in Fiscal Year 2005 was to provide cost-share funds for the habitat projects in the Columbia Cascade Province to enable the Action Agencies to achieve the specific metric goals identified in NOAA Fisheries' 2004 Biological Opinion and UPA.

On February 16, 2005 Bonneville presented to the Council a review of the anticipated implementation of the UPA for the Biological Opinion for the Federal Columbia River Power System by the Action Agencies. Bonneville requested that the proposed projects be reviewed by the ISRP.

On October 12, 2005 Council staff received the five proposals from Bonneville (see attached letter) addressing the UPA for the Federal Columbia River Power System Biological Opinion remand. The submittal included not only the three listed habitat proposals (i.e., the Whitehall Wells, Entiat 4-Mile Wells, and Little Bridge Creek Fence proposals),² but also included Project #2005-001-00, Estuary RM&E Pilot Project and Project #2003-114-00, Acoustic Tracking for Studying Ocean Survival.

² The Whitehall Wells and Entiat 4-Mile Wells proposals were part of the Council decisions regarding funding recommendations for Updated Proposed Action (UPA) habitat proposals at the April and March meetings. As you may recall, of the eight proposals six eventually were approved, but the remaining two proposals (i.e., Entiat 4-Wells and Whitehall Wells) were not addressed and were dependent on a future submittal and favorable review and recommendation by the ISRP and the Council.

Based on the initial staff review of the five proposals, Project #2003-114-00, Acoustic Tracking for Studying Ocean Survival, was returned due to Bonneville for additional information prior to scientific review. This project was resubmitted on November 7, 2005 and currently is under review by the ISRP.

On November 30, 2005 the ISRP provided its review (ISRP Document 2005-17) of the four remaining proposals. The ISRP found the two well projects fundable, the fencing project partially fundable, and the Estuary RM&E project not fundable.

ANALYSIS:

Based on the ISRP review the Council staff determined that the Estuary RM&E proposal needs to be returned to Bonneville to address the technical issues identified. It is anticipated that a revised proposal will be submitted for additional review by the ISRP and the Council at a future date.

Though the ISRP recommended the fencing proposal as “partially fundable,” the panel raised costs issues that should have been identified by the Council staff during the initial review. In addition, the ISRP raised concerns regarding the proposal’s link to the adopted subbasin plan, but qualified this concern by noting the project will benefit an important spawning site in Little Bridge Creek. Based on these concerns, the Fish and Wildlife Committee concurs with the ISRP’s comments regarding the costs and suggests that the proposal be returned to Bonneville to provide justification of the costs. It is anticipated that this information will be provided to the Council at a later time for a recommendation.

The ISRP found the Entiat 4-Mile Wells and the Whitehall Wells proposals clear and detailed and provided a “fundable” recommendation.

The Entiat 4-Mile Wells Project that proposes to remove one surface diversion structure and replace it with wells, rather than installing a new fish screen, will provide Bonneville and Reclamation with a FCRPS Biological Opinion metric credit of 1 for the fish-entrainment limiting factor

The Whitehall Wells Project also will remove three irrigation surface water diversions and replace them with three wells rather than installing new fish screens. This project will provide Bonneville and Reclamation with a FCRPS Biological Opinion metric credit of 3 for the fish-entrainment limiting factor

Based on the ISRP review and the metric credits that the two well proposals provide to the FCRPS Biological Opinion, the Fish and Wildlife Committee recommends that the Council approve Fiscal Year 2006 funds, not to exceed \$148,700, for the UPA Whitehall Wells and Entiat 4-Mile Wells as defined in the submittal received from Bonneville on October 12, 2005.

Attachment: Letter received from Bonneville Power Administration, on October 12, 2005, regarding the UPA habitat projects for Bi-Op Implementation.



Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

October 12, 2005

In reply refer to: **KEW-4**

Mr. Doug Marker
Director, Fish and Wildlife Division
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Mr. Marker:

Please initiate Independent Scientific Review Panel (ISRP) review of the projects listed below. Bonneville Power Administration (BPA) has committed to funding all of these projects through the Updated Proposed Action (UPA) for the Federal Columbia River Power System Biological Opinion Remand, November 2004. BPA seeks ISRP review to identify if any significant technical issues exist with the project proposals so that such concerns may be addressed prior to implementation. BPA also welcomes the ISRP to provide any constructive guidance for the project sponsors to consider during implementation of the projects.

Project 2005-001-00, Estuary RM&E Pilot Project

BPA initiated this new project to enable the Action Agencies (AA's) to achieve specific goals identified in NOAA Fisheries Biological Opinion and the AA's Implementation Plan for the UPA.

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 RME Plan) (final draft August 10, 2004). The Estuary RME 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 RME 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 RME Estuary Pilot Project will be conducted in the upper estuary below Bonneville Dam.

The ISRP reviewed the Estuary/Plume RME Plan and commented on the pilot monitoring study in the estuary. 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 RME 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.”

BPA sought the Council’s support to initiate FY05 funding of the estuary pilot monitoring study in April of 2005. During the Northwest Power and Conservation Council (Council) meeting in Boise, ID, on April 14, 2005, the Council recommended a within-year budget adjustment for 2005-001-00, Estuary RME Pilot Project for \$80,000.00 for FY05. In FY05, the goals of the RME Estuary Pilot were 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, etc. Additional review by the ISRP of the concept of a pilot monitoring study for the estuary was not necessary in order to commence work in FY05 on objectives and goals related to integration of ongoing estuary monitoring activities and preparation for potential FY06 work.

FY06 Request for ISRP Review: BPA is seeking ISRP review for this project implementation for FY06. Please see attached form for project detail.

Project 2003-114-00, Acoustic Tracking for Studying Ocean Survival

BPA funded this project as an innovative project in April of 2004. BPA continued funding this project in 2005 to enable the Action Agencies (AA’s) to achieve specific goals identified in NOAA Fisheries Biological Opinion and the AA’s Implementation Plan for the UPA.

This project originally sought funding through the FY 2003 Columbia Estuary Province review cycle. In March of 2002 the ISRP reviewed and responded with a “Fundable only if response is adequate.” The Council in October 2002 suggested that this project be reviewed in Mainstem/Systemwide and not in the Columbia Estuary Province. The project sponsor responded to the ISRP’s comments. In June 2002 in the ISRP’s final review stated that the project was fundable. The Council again commented on this project in June 2003 that this project should not be funded. In October of 2003 BPA decided to fund this project but with a much smaller budget than originally sought by the sponsor.

In 2004 BPA funded this project for \$200,000. In 2005 BPA funded this project for \$200,000 as well. The project sponsor requested a within year increase in the budget for 2005 of \$120,000; BPA funded this request so a total budget for this project for 2005 is \$320,000. The sponsor has requested \$1.5 million for 2006. BPA believes that this project is an important research project and has included this amount in their FY2006 budget. BPA is seeking ISRP review due to the increase in project scope.

Project 2005-004-00 UPA Whitehall Wells and Project 2005-003-00 UPA Entiat 4-Mile Wells

These two projects are being resubmitted for ISRP review. In an April 26, 2005 letter to BPA, the Northwest Power and Conservation Council did not address these projects because the ISRP stated that these projects had biological merit, but that the proposals were not technically justified and therefore, were “not fundable” as submitted. Project sponsors have since provided additional information and have completed proposal forms. Please see that attached proposal forms from the projects sponsors for review.

Project – UPA Little Bridge Creek Fence

The Little Bridge Creek Fence Project will provide BPA and Reclamation with a FCRPS BiOp metric credit of 4.8 for the riparian enhancement limiting factor. The Little Bridge Creek Fence project will protect approximately 2.7 miles of steelhead spawning habitat by establishing 2 enclosure areas. This will exclude cattle from stepping on redds and allow the streambanks and riparian vegetation to recover, thereby decreasing sediment delivery to Little Bridge Creek and the Twisp River. Please see the attached proposal forms from project sponsors for review. Proposal information and appendices are also available online on the CBFWA website.

Thank you for helping arrange a workable process for these projects. If you have any questions or seek additional information, please contact me directly at 503-230-5549.

Sincerely,

/s/ Paul Q. Krueger

for

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Director of Fish and Wildlife

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January 10, 2006

MEMORANDUM

TO: Council Members

FROM: Doug Marker

SUBJECT: Funding adjustment for evaluation of Libby and Hungry Horse dam operations

At your meeting in January the Council staff will provide an overview of this funding request as supported by the Fish and Wildlife Committee at their December meeting. The Council staff will be seeking the Council's approval of this request.

On September 6, 2005 Montana Fish, Wildlife and Parks (MFWP) submitted a FY 2006 within-year funding adjustment for their ongoing evaluation of the biological responses to dam operations at Libby and Hungry Horse dams. The cost associated with this request is \$360,336. The project assesses the effects of dam operating strategies called for by the 2003 NPCC Mainstem Amendments¹ for fish, habitat, and productivity in the Flathead and Kootenai Rivers and Hungry Horse and Libby Reservoirs.

The proposal was developed by MFWP in 2004 to evaluate the biological effects on the fisheries upstream and downstream of Hungry Horse and Libby Dams. As you recall in the Council's Mainstem Amendments, operational strategies at Libby and Hungry Horse are proposed as an experiment, and call for monitoring and evaluation of the operations to determine the benefits to resident fish from the dam operations. The following are the principle objectives associated with the project to address the Council's program:

Objective 1. Evaluate the potential response of listed bull trout and resident fish resulting from the Council's reservoir drafting strategy.

Objective 2. Evaluate alterations in native fish habitat associated with dam operations in the Flathead and Kootenai Rivers.

¹ The amendments propose implementing a different summer operation at Libby and Hungry Horse for the benefit of resident fish in the reservoirs behind the dams and rivers below.

The proposal was favorably reviewed by both the ISRP and CBFWA. Bonneville worked with MFWP and agreed to begin funding in the summer of 2004 because of the importance of the study and the need to begin developing some baseline information. Due to the time constraints to initiate the proposal in 2004, and the desire to have a study in place before operations were implemented, Bonneville funded the project through the Power Business Line (PBL) and anticipated that further funding of the proposal would be accomplished through the normal budgeting process.

This initial level of funding will be completed in 2006. MFWP submitted for the above referenced within-year funding request to the BOG to continue the monitoring and evaluation of the operations of these dams during the critical 2006 operating season. The timing is such that MFWP needs a Council decision before the first of the year so that appropriate planning and necessary monitoring sites can be put in place before the operational season begins in 2006.

On October 7, 2005 the Budget Oversight Group (BOG) reviewed the request and verified that it was a within-year request, but deferred to the Policy Group (BPA, NPCC and CBFWA) for direction due to the unusual nature of the project's history². It was anticipated by the BOG that unless directed differently the request would be addressed as part of the quarterly review process in January.

At the request of the Policy Group, the Council staff recommends that the Council approve the request to evaluate the biological effects on fisheries of dam operating strategies at Libby and Hungry Horse for a total of \$360,336. This recommendation is conditioned on the understanding that the future scope and objectives of the project will be reviewed and prioritized as part of the FY 2007 - 2009 project selection process.

This recommendation is conditioned on the understanding that the federal agencies are considering testing spill at Libby and conducting gas bubble evaluations for white sturgeon. If this potential need for gas monitoring is requested the Council anticipates an additional funding decision in the near future.

² Even though this is technically a within year request, it is unique in that it has no history in the normal project selection process. However, the project is noted and called for in the Council's fish and wildlife program, and has been approved by the ISRP and CBFWA.

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