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March 7, 2006

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

SUBJECT: Recommendation for funding environmental review of Klickitat subbasin passage improvements

INTRODUCTION:

At your meeting in March the Council staff will provide an overview of the current status of the master plan, *Klickitat Subbasin Anadromous Fishery Master Plan*¹. In addition, the Council staff will present the Fish and Wildlife Committee's recommendation to approve funding for the environmental review of a component of the project passage improvements at Lyle and Castile falls and Master Plan revisions.

PROPOSED ACTION:

The Fish and Wildlife Committee recommends that the Council approve \$473,000 in FY 2006 funds to initiate a separate environmental review for: (1) the adult monitoring facility at Castile Falls and Lyle Falls and, (2) revisions of the Klickitat Master Plan, subject to the two conditions detailed in the last paragraph of this memorandum.

BACKGROUND:

For Fiscal Year 2001, projects in the Columbia Gorge Province were subject to the in-depth province-based review. This province includes the Klickitat subbasin. The primary fish and wildlife management activities in the Klickitat subbasin have been passage and artificial production initiatives dating back to the early 1950s. Most of this work was funded by sources other than Bonneville --with Mitchell Act funding being a substantial source. More recently,

¹ *YKFP-Klickitat Design and Construction*, Project #1988-115-35. Currently implemented through Project #1988-120-35 at \$415,764 (FY 2006 budget).

Bonneville funding has been provided to the activities in the Klickitat as a component of the Yakama Nation's Yakima-Klickitat Fisheries Project (YKFP).

As part of the Council decision for the Columbia Gorge Province, the Council staff worked with the Yakama Nation fisheries staff to outline a Major Project Review sequence encompassing the proposed passage and production facilities.

A master plan, as the first step in the Major Project Review process for this project, was prepared by the Yakama Nation and the Bonneville Power Administration and submitted to the Council on November 12, 2004.²

The master plan proposes supplementation and natural production efforts in the Klickitat subbasin on spring Chinook and steelhead, while maintaining a focus on harvest augmentation for fall Chinook and coho. In doing so, the project would increase production of spring Chinook and steelhead at the Klickitat Hatchery and eliminate in-basin artificial production of coho. In-basin fall Chinook production levels would remain the same, but half the production would be transferred from Klickitat Hatchery to a proposed new facility at Wahkiacus. Additionally, the program proposes further improvements to existing passage facilities that would increase the ability of spring Chinook and steelhead to access high-quality habitat, thus improving natural production; and that would allow collection of spring Chinook and steelhead broodstock to meet supplementation goals for those two species.

On March 15, 2005 the Council released an issue paper (Council Document 2005-03) seeking comment on the master plan. In particular, public comment was requested on key issues listed in the issue paper. On May 24, 2005 Bonneville provided comments on the master plan. Bonneville's concerns regarded the need for additional detail on the funding and responsibility for the Mitchell Act facilities, cost-sharing, and response to the Independent Science Review Panel's (ISRP) comments—particularly those related to cost-effectiveness and the integration of hatchery, harvest, and habitat objectives.³

On February 19, 2005 the Council received the initial review (ISRP Document 2005-7) of the Klickitat Subbasin Anadromous Fishery Master Plan (*YKFP-Klickitat Design and Construction*, Project #1988-115-35) by the ISRP.⁴ The ISRP stated that the master plan needs further consideration and development to meet the ISRP standards of scientific soundness and consistency with the fish and wildlife program's scientific principles. As part of this review the ISRP outlined seven primary concerns. It is fair to say that most of those concerns were focused on the hatchery production strategies and objectives, and not so much on the proposed improvements to the existing passage facilities.

² The Council received the updated Master Plan on November 12, 2004 regarding the project titled *YKFP-Klickitat Design and Construction*, Project #1988-115-35. An earlier version of this Master Plan was submitted on May 11, 2004 and provided to the ISRP in June 2004. In July, as part of the subbasin plan reviews, the ISRP heard a presentation on the relation of the Master Plan to the Klickitat Subbasin Plan. However, the Master Plan was withdrawn from the review process on July 8, 2004.

³ No other comments were received during the comment period that closed on May 13, 2005.

⁴ On November 18, 2004 the Council staff submitted the master plan to the ISRP.

On April 15, 2005 the Yakama Nation responded to the ISRP review. The Yakama Nation was deeply concerned regarding the nature of the ISRP comments as they related to fishery resource management decisions that have been made through the *U.S. v. Oregon* planning process and requested that the biological issues raised by the ISRP be dealt with as part of the Step 2 submittal.

On May 9, 2005 Council and Bonneville staffs met with Yakama Nation staff to discuss the concerns and issues that surround the master plan. During this meeting it was determined that the Yakama Nation needs to respond to the questions and concerns that the ISRP raised as part of its review of the master plan (ISRP Document 2005-7).

On August 25, 2005 the Yakama Nation responded to concerns that the ISRP had identified as part of its review of the master plan. The submitted information was provided to the ISRP in early September, and on November 1, 2005 the ISRP provided its response (ISRP Document 2005-16). In part, the ISRP stated:

“The ISRP recommends that the Klickitat Subbasin Anadromous Fishery Master Plan remain in the Step 1 stage of the Three Step process until adequate scientific detail and biological justification for the proposed activities are given. The August 25, 2005 response from the Yakama Nation to the ISRP’s Step-1 review (ISRP 2005-7; February 19, 2005) provided some additional information, as noted in the attached report, but needs to further address many of the previously identified technical shortcomings of the Master Plan. The foundation assessments for the changes to artificial production in the Klickitat subbasin are not yet completed; thus, there is no basis for the ISRP to recommend support to the Council for the changes to artificial production proposed by the Yakama Nation. The ISRP recommends a revised and complete (i.e., stand-alone) Master Plan be developed prior to moving to a Step-2 review. This revised Master Plan should capture the responses, and subsequent responses-to-responses on science and technical details.”

Based on this review and follow-up discussions with the Yakama Nation, Bonneville and the Council staffs determined that the master plan would need to be revised. Concurrent to these discussions the FY 2007 - 2009 solicitation process was underway and concerns were raised regarding the alignment to the anticipated FY 2007 - 2009 decision in October of 2006.

In an effort to maintain the momentum of the planning and design phase of the project, but also recognizing the shortcomings of the current master plan, an option was discussed that outlined an opportunity to proceed with environmental review and associated permitting associated with the adult collection facilities at Castile Falls and the major reconstruction of the fishway at Lyle Falls as outlined in the current master plan. This approach is premised on the finding that these passage project improvements have functionality that is independent of the overall artificial production plan, and therefore can be dealt with separately in an environmental analysis (i.e., construction of these projects would be justified economically and functionally whether or not the remainder of the artificial production activities ever are implemented). It is noteworthy that the ISRP in its review (ISRP Document 2005-16) expressed the need for the revised master plan to be developed with each species and facility task clearly separated to allow for a better master plan. This was also touched on by the ISRP in an early review stating that the possible long-term

benefits of the Lyle Falls fishway construction appear to justified (ISRP 2000-9, Gorge and Inter-Mountain Final Report)

ANALYSIS:

The Castile Falls Fishways is located in the upper part of the Klickitat River. The fishways recently were restored to provide effective passage for spring Chinook and to ease passage of summer steelhead and now meets NOAA Fisheries and WDFW passage criteria. Proposed activities at Castile Falls as outlined in the current master plan would include the installation of an adult trap and monitoring facilities to allow the sampling of returning fish for biological characteristics and marks. The trap also would allow collection of natural-origin spring Chinook and steelhead for broodstock that are locally adapted to the upper Klickitat basin. As proposed, the estimated construction cost of the Castile Falls Adult Collection Facility is \$138,000.⁵

The Lyle Falls Fishway located near the mouth of the Klickitat River currently does not meet state and federal fish passage criteria and hinders passage of all salmon, including Mid Columbian-ESU threatened steelhead. In 2005, near-record low flows greatly exacerbated this situation. A properly functioning fishway helps ensure natural spawner escapement goals for all stocks, and is expected to contribute to steelhead recovery. Proposed improvements at Lyle Falls Fishway (i.e., Lyle Falls No. 5 at the upper-most falls in the series) would focus on passage and monitoring efforts needed in the basin but would also address anticipated needs for the collection of spring Chinook and steelhead broodstock. Improvements would include addition of an adult trap and video monitoring, tag detection equipment, a directional orifice at the entrance, additional baffles to meet design criteria, increased attraction flow, and a 180-foot extension of the fishway exit to bypass the aggraded reach. The estimated construction cost of the Lyle Falls Adult Collection Facility and Fishway is \$5,400,000.⁵

Both the Lyle Falls and Castile Falls facilities will improve adult enumeration and other data collection activities that will allow the development of watershed and stock assessments for spring Chinook, steelhead, fall Chinook, coho, and other species. Data collection from these two facilities would allow for evaluating all these stocks and assist in implementing a combination of habitat protection and restoration, as well as hatchery supplementation to address limiting factors as defined in the adopted Klickitat Subbasin Plan. Specifically, a fully functioning fishway at Lyle Falls, redesigned to meet state and federal passage criteria, affords the ability to accurately determine subbasin escapement. This information provides the foundation for effectively monitoring success of all future actions in the subbasin. The ability to obtain biological information (i.e., length/age/frequency and DNA profiles) will strengthen the databases and help guide proposed changes to the current artificial production program.

These facilities would be tools not only for existing monitoring and assessment needs, but also for initiating proper hatchery practices that are currently needed in the subbasin. The Council

⁵ In FY 2006 the Yakama Nation received \$16,962 from NOAA Mitchell Act for Lyle and Castile Falls Fishway O&M. These funds are adequate to conduct routine fishway O&M before and after improvements. It is anticipated and reflected in the 07-09 solicitation for BPA-Klickitat M&E #1995-063-35 that O&M specific to the proposed increased monitoring activities at both facilities will be covered under future BPA-Klickitat M&E contracts.

staff believes that the outcome of the review process associated with this master plan, favorable or not favorable, will continue to demonstrate that these tools add value to any future activities in the subbasin and they'll be needed independently of the resolution to the production proposal.

Bonneville has estimated \$10,000 in FY 2006 to complete a categorical exclusion for the environmental analysis for the Castile Falls facility. The work would include a Biological Assessment for the operation of the trap under the Endangered Species Act (ESA) and other clearances.

Cost associated with the Lyle Falls facility would be about \$375,000 in FY 2006⁶ to initiate an environmental impact statement (EIS), with an additional \$125,000 needed in FY 2007 to complete the final EIS.⁷ Due to a number of issues at Lyle Falls, Bonneville believes an EIS will be necessary. These issues include potential major cultural resources issues, potential conflict with tribal fishing, its location on a designated Wild and Scenic River administered by the U.S. Forest Service (recreational class), possible involvement with the Klickitat Trail, and impacts to threatened and endangered fish species requiring a biological assessment and formal Section 7 consultation under the Endangered Species Act.

In addition, and not anticipated as part of the FY 2006 budget, the Yakama Nation is seeking additional funding to revise the master plan to meet the expectations of the major project review process. This cost is estimated to be \$88,000.⁸

As part of the FY 2006 Budget Tracking and Adjustment Process the Yakama Nation submitted a request to the Budget Oversight Group (BOG) in January 2006 to address costs associated with the environmental analysis and revising the master plan. The request was for \$510,000, and the BOG decision was a Category 3a (i.e., Threats to Project Integrity that jeopardize the performance of the entire project).

Based on the understanding that the master plan needs to be revised to address the technical shortcomings, the current association the project has to the FY 2007 - 2009 solicitation, the past justification and importance of the facilities for conducting research, monitoring and evaluation efforts in the Klickitat Subbasin, and an awareness of possible cost efficiencies, the Fish and Wildlife Committee recommend \$473,000 in FY 2006 funds to initiate a separate environmental review for the adult monitoring facility at Castile Falls and Lyle Falls *and* to provide initial funding to address the shortcomings of the current master plan, subject to the following conditions: (1) that all future activities associated with this project, including completion of the

⁶ Assuming a decision to proceed as early as April.

⁷ Total estimated cost for the environmental analysis is \$500,000.

⁸ This exercise is proposed in two phases. Phase I consists of an independent review, focusing on alternatives and actions to support development and refinement of documented issues from ISRP, NPCC and Bonneville regarding the Step 1 review of the Klickitat Master Plan. Phase I results include all proposed revisions and a plan to revise the existing Master Plan. Phase II will be implementing the proposed revisions from the Phase I review that contain a complete review of work to date, ISRP reviews and NPCC and Bonneville comments. The Phase II portion of this project will provide revisions to the existing Step 1 Master Plan per the study and plan provided in Phase I and address all needs to complete a revised master plan. This would include only activities to prepare for revising the master plan including facilitation, design, and costs updates and consolidation, and preparing for drafting a master plan.

environmental review, will be defined as part of the Issue Document associated with the anticipated FY 2007 - 2009 decision in October of 2006⁹; (2) that even with Lyle and Castile falls passage portions of the original master plan proceeding separately, the Council and Bonneville will need confirmation that the revised master plan and submittal has addressed adequately the ISRP concerns and the other concerns¹⁰ raised during the comment period.

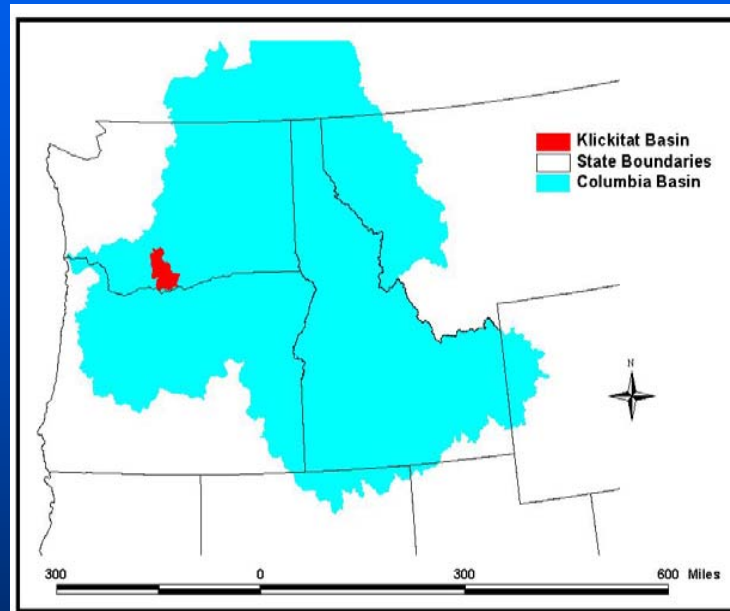
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⁹ This decision, if favorable, will confirm that the *Klickitat Subbasin Anadromous Fishery Master Plan* project is dependant on a favorable review of the revised master plan by the ISRP and the Council.

¹⁰ Letter received from Bonneville dated May 17, 2005. These concerns not only concurred with the ISRP issues, but also raised relationship and in-lieu funding issues surrounding the proposed artificial production portions of the current master plan to the existing Mitchell Act facilities (e.g., concerns regarding the implications of Mitchell Act funds and the relationship to program funds in the out-years needs to be resolved). Bonneville has determined that it can fund the environmental review without violating it's in lieu funding policy, but feels that issue will need to be fully addressed as part of a future step decision as this project is sequenced.

Klickitat Subbasin

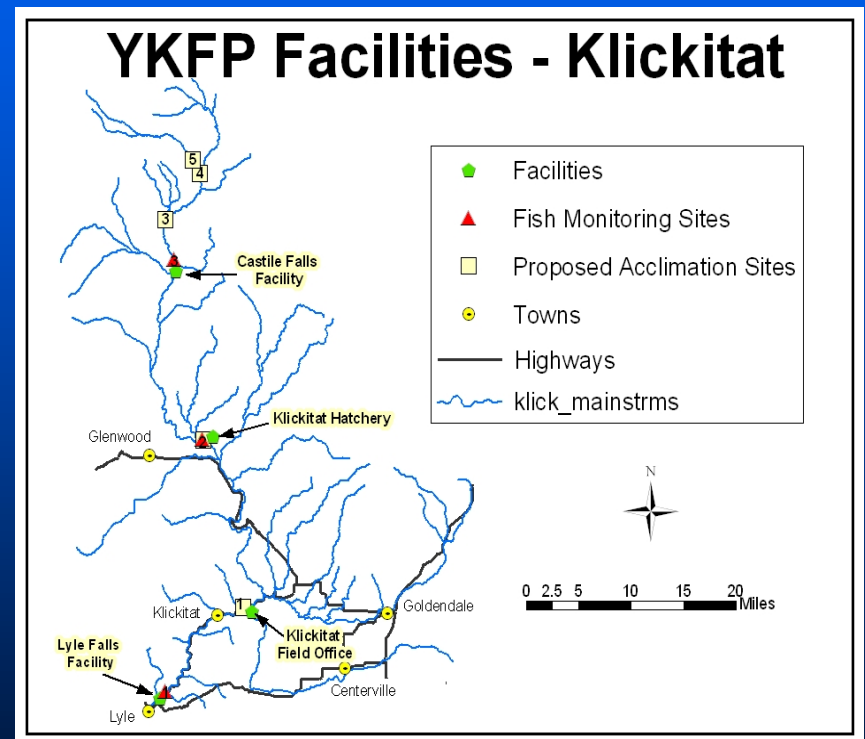
Master Plan Passage Environmental Review



March, 2006

Background

- Fiscal Year 2001 as part of the Columbia Gorge Province
- Master Plan submitted
on November 12, 2004
- Issue Paper released
on March 15, 2005
- ISRP reviews



Analysis

- Master plan needs to be revised to address the technical shortcomings.
- Current association the project has to the FY 2007 - 2009 solicitation.
- Past justification and importance of the facilities for conducting research, monitoring and evaluation efforts, and passage.

Recommendation

- Council staff recommends that the Fish and Wildlife Committee recommend \$473,000 in FY 2006 funds to initiate a separate environmental review for the adult monitoring facility at Castile Falls and Lyle Falls *and* to provide initial funding to address the shortcomings of the current master plan.

Conditions

- All future activities associated with this project, including completion of the environmental review, will be defined as part of the Issue Document associated with the anticipated FY 2007 - 2009 decision in October of 2006.
- The Council and Bonneville will need confirmation that the revised master plan and submittal has addressed adequately the ISRP concerns and the other concerns raised during the comment period.