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Montana

March 30, 2006

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Mark Fritsch, Project Implementation Manager

SUBJECT: Second Quarter Review of Within-year Project Funding Adjustments for Implementation

PROPOSED ACTION:

At your meeting on April 12, 2006 the Council staff will review the schedule and timeframe associated with the modification requests for the second quarter of Fiscal Year 2006.

This agenda item will be for review and discussion only and no Committee action is requested.

BACKGROUND:

Bonneville, the Council and the Columbia Basin Fish and Wildlife Authority have formed a Budget Oversight Group (BOG) to conduct a budget tracking process. A principle 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) and to place the within-year requests into one or more of the sorting categories. Reschedules are forwarded to Bonneville for assessment and funding as funds become available and within-year were also forwarded to Bonneville for recommendation on the availability of funds as identified at the second and third quarterly review.

The BOG would use the first (January) and second (April) quarterly review meetings of the fiscal year to initiate a prioritization process to establish which budget adjustment requests will be met with the available funding in the Spending Reserve (to support within year budget modification requests). This process will include a public comment period.

On March 30, 2006 the Council received a letter from Bonneville regarding the funding within-year requests considered during the first quarterly review (see attachment 1).

ANALYSIS:

Council staff is anticipating reviewing the requests that are addressed in the letter received from Bonneville. The requests are categorized by category (1 - 5) per the BOG review. Based on staff review and comment received the staff will bring to the Committee and the Council a recommendation at the February meeting.

The staff is proposing to bring a recommendation to both the Committee and the Council at the February meeting due to the association of the quarterly review to the needs of these requests as it relates to the anticipated field season. When the modification process was developed it was attempted to pool the requests to the first and second quarterly reviews for a fiscal year. These two quarters were choose so that the requests could be implemented in a time sequence that would ensure implementation in that particular fiscal year.

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Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

March 30, 2006

In reply refer to: KEW-4

DRAFT

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:

In accordance with the Budget Oversight Group (BOG) process, the BOG recently conducted the Fiscal Year 2006 second quarterly review of within-year budget and/or scope modification requests. As a result of that review and subsequent further analysis by BPA staff, the following budget modification requests are submitted to the Council for evaluation and funding recommendations. BPA will consider the Council's recommendations and assess the status of contract commitments, billings to date, and end-of-year accrual projections before making final decisions to adjust individual project budgets.

While BPA believes sufficient funds are available to allow these requests to move forward, our focus has been on the technical merit and priority of the work under consideration, and its contribution to achieving the objectives of the project and sustaining the value of previous investments.

We are seeking further public comment and recommendations. In accordance with the BOG process, we are formally requesting public comment on these requests over the next 30 days.

The BOG process incorporates the following criteria to categorize the project requests:

Category

Emergency

1

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; imminent threat to human health or safety.

ESA Commitment of BPA**2**

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 extraordinary circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to BPA approval.

Project Integrity**3**

Actions necessary for the project, though not of an emergency nature, and including major project review (i.e., step review), to avoid the loss of a previous investment; that, if not taken, would:

- a. Jeopardize the performance of the entire project;
- b. Jeopardize the performance of a discrete task or objective of the project causing:
 - 1. adverse biological consequences to the project;
 - 2. loss of critical monitoring and evaluation data;
 - 3. loss of capability to administer the project.

Lost Opportunity**4**

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.

Other**5**

Any project not falling into the four categories defined above.

Projects on the current CBFWA website requesting within-year budget adjustments were placed into the above categories by the BOG members. That process is reflected in the following list of projects. For additional project-specific information, please review the Columbia Basin Fish and Wildlife Authority (CBFWA) web site for Within-Year Budget Adjustments (<http://www.cbfgwa.org/mods/components/forms/Login.cfm>).

Category 2**Project No. 1997-024-00 (Previously categorized under 3b3)**

Project Name: Avian Predation on Juvenile Salmonids in the Lower Columbia River

Budget Amount: \$10,375

Funding Category: Expense

Contractor: Oregon State University

Avian predation in the Columbia River estuary has been identified as a limiting factor in juvenile survival for ESA-listed salmonid species. The data that are collected through this project provide critical information in the development and implementation of management techniques to reduce avian predation levels, such as the implementation of the Caspian Tern management plan in the estuary as identified in the 2004 UPA for the FCRPS BiOp. Agency indirect costs have increased, which reduce the contractor's ability to complete analysis of the aerial photographs taken of the piscivorous waterbird colonies in the estuary and the Mid-Columbia. The aerial photographs taken during the waterbird breeding season produces the most accurate estimates of colony size, which is crucial information for developing accurate salmonid predation estimates to implement the Caspian Tern management plan in 2007.

Category 3a

Project No. 1995-009-00

Project Name: Lake Roosevelt Net Pen Project

Budget Amount: \$29,000

Funding Category: Expense

Contractor: Lake Roosevelt Development

This request for funds to purchase a replacement truck is a non-recurring expense. The current vehicle mileage is over 116,000 miles. At this point, the vehicle's reliability diminishes and the frequency and cost of repairs increases. Among other duties, the vehicle is needed to deliver fish food to net pens. Failure to reliably deliver food put the fish in the net pens at risk. Additionally, the vehicle's condition makes it a human life safety issue as parts wear out. The project sponsor has investigated alternatives to purchasing a replacement vehicle. Vehicle lease was investigated but was rejected because of the additional costs associated with the mileage in excess of the base allowance.

Category 3b3

Project No. 1995-013-00

Project Name: Resident Fish Substitution Program

Budget Amount: \$15,700

Funding Category: Expense

Contractor: Nez Perce Tribe

One of the project's most critical tasks, the stocking of three ponds with high-quality, hatchery-reared rainbow trout, will not be possible without the requested budget increase. The Nez Perce Tribal population relies on this fishery harvest opportunity, which partially mitigates the loss of resident and anadromous fish populations caused by the construction and operation of Dworshak Dam. The stocking of these ponds provides an average of 207 days of fishing per year for approximately 1,468 individuals.

Due to a series of financial limitations, the project's budget has encountered significant challenges and difficulties. Increases in essential equipment maintenance, rising fuel, operation, and personnel costs have contributed to the need for this within-year budget adjustment.

Project No. 1991-019-04

Project Name: Hungry Horse Mitigation–Stocking of Offsite Waters, Creston NFH

Budget Amount: \$11,692

Funding Category: Expense

Contractor: USFWS

The current project funding level is sufficient to produce 90,000 westslope cutthroat and 50,000 rainbow trout. This within-year budget modification will fully enable the Creston NFH to produce 100,000 westslope cutthroat and 100,000 rainbow trout as recommended in the Council adopted Hungry Horse Dam Fisheries Implementation Plan and in the Council recommended project objectives from the Mountain Columbia Province Solicitation and Review in 2003.

Reducing the annual stocking allocation level will increase the time required to meet the implementation plan's fishery objectives. It will also weaken program objectives by reducing angler harvest and license income, which supports species conservation in the Flathead drainage. Reduced stocking of these species negatively affects the goals of the Flathead Subbasin Management Plan, and Tribal Subsistence and Angler Harvest objectives that call for the following:

1. Maintaining or increasing harvestable sport fish while protecting the long-term persistence of native species populations and;
2. Where native species cannot be restored, maximize harvest by introducing fish species that will not threaten the recovery of bull trout and westslope cutthroat trout.

The Creston NFH cost are twofold:

First is an increase in electrical rates as supplied by the Flathead Electric Cooperative that have risen an average of 42% since 2001. This rate increase was identified and documented, but not addressed with increases in budget, during the Mountain Columbia Provincial Solicitation and Review process. Second, a new water treatment system capable of disinfecting and aerating rearing water that protects fish from potential pathogens was completed in 2004, also increases electricity use.

Project No. 1992-009-00

Project Name: Yakima Basin Phase II/Huntsville Screen O&M

Budget Amount: \$48,486

Funding Category: Expense

Contractor: WDFW

The Yakima basin Phase II O&M Program is jointly conducted by the Washington Department of Fish and Wildlife (WDFW) and the Bureau of Reclamation (BOR). This program is guided by an MOU among BPA, BOR, and WDFW. The MOU states, “All tasks and responsibilities assigned under the Agreement shall be performed at Bonneville’s expense...” The WDFW has been assigned the task of contractor/irrigator reimbursements for electricity, and time and labor (daily O&M cleaning trash racks). Because of the difficult and sensitivity of the issues involved for three of these contracts, the parties have taken over five years to complete negotiations. Outcomes of the negotiations require retroactive reimbursement for electrical cost, time and labor. The WDFW is requesting this within-year budget request to cover these contractual obligations.

Category 4

[Project No. 1991-019-03](#)

Project Name: Conservation of Threatened Critical Bull Trout Habitat in Swan Valley

Budget Amount: \$6,100,000

Funding Category: Capital

Contractor: MTFWP

This project seeks BPA capital funding to protect critical resident fisheries habitat through acquisition of a permanent, conservation easement in the Swan Valley. About half of the Swan Valley’s bull trout population spawns in Elk/Squeezer/Goat creeks. The opportunity to protect lands targeted by this funding request will likely be lost if this effort is not accomplished in FY 2006. Efforts to maintain strong bull trout population in Swan Valley would be undermined by unregulated residential and recreational home development along these 3 (of only 4 known) core bull trout spawning and rearing streams. BPA’s timely participation in these high-management priority projects would ensure conservation of the most vulnerable habitats and enable Plum Creek and its conservation partners to conserve these remaining three sections of private land along these tributaries. Potential use of BPA capital funding for this purchase is made possible by the recent MOU signed by BPA and the fish managers where resident fish credits are quantified. Council recommendation of this purchase during FY2006 will enable this effort to move forward on a timely basis in FY 2006.

Category 5

[Project Number: 1994-059-00](#)

Project Name: Yakima Basin Environmental Education Program

Budget Amount: \$4,600

Funding Category: Expense

Contractor: Eco-Northwest

The request is for funds to pay for substitute teachers, who replaced teachers receiving environmental education training. Expenditure occurred during the previous school year but was not billed in a timely manner, resulting in a shortfall of project funds.

Summary

In summary, the total of expense funding requested in this letter is \$119,853; the total of capital funding requested is \$6,100,000. We believe these projects are consistent with priorities identified during the Council's previous provincial solicitations and reviews and/or other Council recommendations and BPA decisions. However, as you review the merits of these requests, we ask that you consider how these may be consistent with your review and consideration of the new Subbasin Plans and broader programmatic priorities reflected in your FY 2007–2009 Provincial Solicitation review and subsequent project funding recommendations.

Please feel free to contact either Greg Dondlinger at 503/230-5065 or me at 503/230-5499 for further information or if you have any questions.

Sincerely,

William C. Maslen
Director of 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
Mr. Tony Grover, 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
Mr. Joe De Herrera, BPA
Mr. David Kaplowe, BPA
Ms. Dorothy Welch, BPA
Mr. Jonathan McCloud, BPA
Mr. Peter Lofy, BPA

Ms. Jan Brady, BPA
Mr. Greg Baesler, BPA
Mr. Mark Shaw, BPA

Request Date	Project ID	Project Title	Sponsor	Mod Type	Requester	BOG Meeting Date	Current Status	Budget Impact	Capital/ Expense
2/21/06	199101903	Urgent: Conservation of Threatened Critical Bull Trout Habitat in Swan Valley	Montana Fish, Wildlife & Parks	FY 2006 Within-Year Ongoing	Brian Marotz	3/8/2006	Under BPA Review	\$6,100,000	Capital
3/1/06	199501300	Resident Fish Substitution Program	Nez Perce Tribe	FY 2006 Within-Year Ongoing	Tod Sween	3/8/2006	Under BPA Review	\$15,700	Expense
3/1/06	199702400	Avian Predation on Juvenile Salmonids in the Lower Columbia River	OSU	FY 2006 Within-Year Ongoing	Dorothy Welch	3/8/2006	Under BPA Review	\$10,375	Expense
2/1/06	199101904	Hungry Horse Mitigation - Stocking of Offsite Waters - Creston NFH	USFWS - Creston National Fish Hatchery	FY 2006 Within-Year Ongoing	Mark Maskill	2/15/2006	Under BPA Review	\$11,692	Expense
2/7/06	199200900	Yakima Basin Phasell/Huntsville Screen O&M	Washington State Department of Fish and Wildlife	FY 2006 Within-Year Ongoing	Pat Schille	2/15/2006	Under BPA Review	\$48,486	Expense
1/9/2006	199405900	Yakima Basin Environmental Education Program	Eco-Northwest	FY 2006 Within-Year Ongoing	Peter Lofy	1/11/2006	Under BPA Review	\$4,600	Expense
12/30/2005	1995-009-00	Lake Roosevelt Net Pen Project	LRDA	FY 2006 Within-Year Ongoing	Gene Smith	1/11/2006	Under BPA Review	\$29,000	Expense

