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June 29, 2006

## MEMORANDUM

**TO:** Council Members

**FROM:** Patty O'Toole, Program Implementation Manager

**SUBJECT:** Continued discussion of the FY 2007-2009 project selection process

At the July Fish and Wildlife Committee and Council meeting, we will discuss a number of topics related to project selection for FY 2007-2009.

**1. ISRP programmatic recommendations.** One discussion topic will be a short report summarizing the programmatic recommendations from the ISRP's report and proposing how to address those recommendations. A memo addressing this topic follows. The ISRP programmatic recommendations will have little impact on the FY07-09 project recommendations, as they largely concern suggestions for broader reviews of certain program areas or improvements in how we develop and review proposals in the future. Many of the recommendations concern matters we already have under discussion with the Council, such as future project selection, monitoring and evaluation, and reform of operation and maintenance funding.

**2. Update on province/basinwide/on the ground-multi-province prioritization.** Two significant milestones were reached in the last month: the ISRP preliminary report and province and basinwide priorities were developed. Following local-province prioritization processes, the states have submitted lists of projects for further consideration, identifying proposals eligible for responding to ISRP concerns, and in some cases, prioritizing proposals to match the province budget allocations. Other lists of projects deserving of further consideration have come from groups reviewing the "basinwide" and "on-the-ground/multi-province" projects. For the proposals recommended for further consideration that the ISRP had specific concerns or questions about in the panel's preliminary report, the sponsors have been notified that they need to submit a response by July 14 to address the ISRP's comments. These responses will undergo additional ISRP review and comment.

We will have this information roughly summarized by the time of the July meeting. An overview of the results of the local province prioritization will be presented, organized by province where possible, to give the Council a heads-up about the types of issues and decisions the Council will soon face in making its final project recommendations. The summary will include topics such as how many projects have been recommended for further consideration; how many projects are in the ISRP response loop; how the proposal lists have accommodated the list of projects identified by Bonneville as consistent with the implementation of the 2004 FCRPS Biological Opinion/UPA currently in place; and what we are seeing in terms of ongoing work recommended to continue, the extent of new high-priority work recommended, and ongoing work that may be discontinued.

In addition, the staff has been working with a group of fish and wildlife managers, Council, Bonneville and COE staff reviewing the basinwide research, monitoring and evaluation, and coordination project proposals. Staff will review with the Council a number of considerations involved in developing a balanced budget for this group of proposals. A separate attachment describes these considerations. A staff group has also been looking at the proposals in the “on-the-ground and multi-province” group. Staff will provide a summary report on discussions to date.

Based on results of the ISRP preliminary review and the province and basinwide prioritization efforts, Bonneville staff have already begun talking with Council central and state staff about the “transition” projects - those that need an early contracting decision by Bonneville and those that may face “smart closure” or termination.

Finally, by the July meeting, the parties to the FCRPS Biological Opinion remand effort will have filed their latest progress report with the court. This may give us a better sense as to whether there are expectations of folding in additional habitat and research, monitoring and evaluation work, at some point later this summer for funding consideration during the FY07-09 rate period.

**3. Status of the rolling issue/decision memo:** One attachment to this memorandum is the latest version of the “rolling issue” memorandum. This is the document that will eventually house the Council’s package of decisions on the project funding recommendations and the associated policy issues. It has been updated to reflect this month’s developments, primarily in terms of making space to accommodate as an issue the ISRP’s programmatic recommendations and the proposed treatments.

### **Quick updates on issues:**

**a. O&M funding reform (issue #6); Future project selection (issue # 7).** Although much of the staff’s focus is on the proposal reviews and issues necessary to develop project-funding recommendations for the FY07-09 period, the staff has also been working with the Committee to design significant changes to the next project selection process. One element includes a proposal to investigate different ways of funding long-term operation and maintenance needs. As noted above, many of the ISRP’s programmatic recommendations tie directly to this subject. We will present a brief overview of these topics to the Committee and the Council on the possible changes we have been discussing, and then set this topic aside for the time being to

focus on the issues directly relevant to the current project funding recommendations for FY 07-09. More detail can be found on these topics under issues 6 and 7 in the draft rolling issue memo.

**b. FY 2007-2009 Within-year adjustment process (issue #8).** This topic is described in some detail in the rolling issue memo. The committee generally supported the staff recommendation to continue the within-year adjustment process in a similar fashion as occurs now, but did not support the addition of the “threshold” level under which Bonneville could make unilateral decision on within-year requests. The staff believes that no additional guidance is needed by the Committee or Council on this issue at this time.

**c. Three-step review (Committee only).** Staff will present a recommendation to the Fish and Wildlife Committee for continuing the three-step review of new production activities. Attached is a memorandum to guide that discussion. This topic will be addressed in the rolling issue memo (issue # 9) and in a separate attachment.

**d. “In lieu” review by Bonneville (issue #2).** Bonneville has not yet decided if and how to present its guidance as to which projects present “in lieu” concerns. We do not expect anything by the July meeting, but will report if something does develop.