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November 30, 2006

To: Fish and Wildlife Committee

From: Doug Marker, Director
Fish and Wildlife Committee

Subject: Presentation by Upper Columbia United Tribes on Wildlife Project Operation and Maintenance Costs

Representatives of the Upper Columbia United Tribes (UCUT) will present their perspective as managers of wildlife acquisitions on wildlife project operation and maintenance costs. They will discuss reasons for variable operation and maintenance costs, and distinctions between operation and maintenance and enhancement.

Presenters will be Ray Entz of the Kalispel Tribe, Anders Mikkelsen of the Coeur D'Alene Tribe and Kelly Singer of the Spokane Tribe.

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Wildlife Operations and Maintenance

A UCUT Perspective on the issue



Defining O&M

- Definition requires information
 - Must validate and debug existing information
 - BPA delivered data from PISCES was not entirely accurate
 - Managers and BPA getting a better handle on PISCES making information better in the future
 - Use 07-09 figures rather than past numbers



Defining O&M

- Definition requires issue resolution
 - NPCC should revisit this issue from a collaborative perspective, especially before IEAB review
 - Manager's must provide accurate and verified information through PISCES or other means
 - We must work together to understand the information available
 - We must agree upon a definition and criteria for determining the “scope” of the issue



Defining O&M

- UCUT perspective
 - O&M is the maintenance of the maximum amount of HUs a project can deliver to BPA
 - O&M can be defined using past “good work” of the manager’s (CBFWA O,M&E Guidelines 1998)
 - Broad agreement has been reached regarding these items in the past



Defining O&M

- O&M funding must be consistent with Program, Act, MOA, and loss statements
- O&M funding must not cover items required by others (in-lieu)
- O&M funding cannot be benchmarked in the traditional sense
 - Use appropriate programs/projects with similar mandates



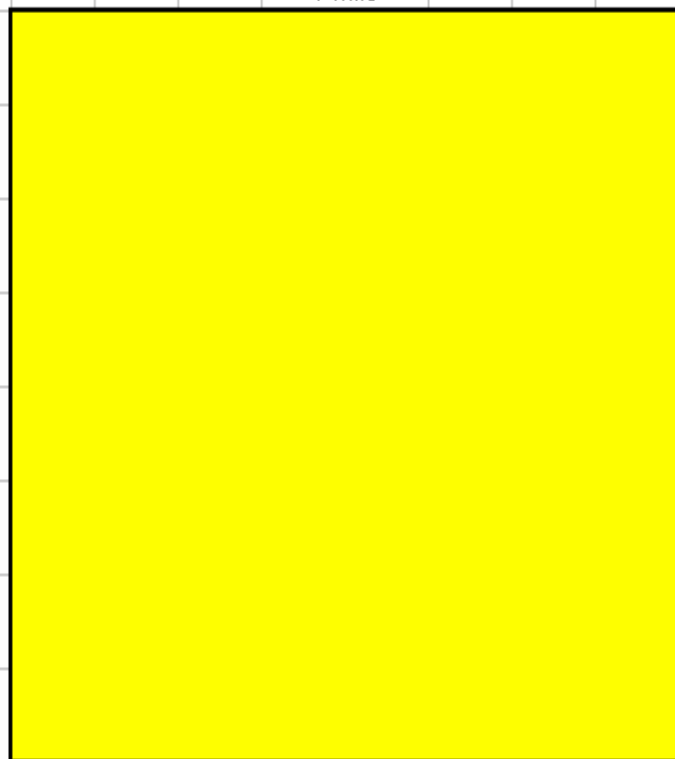
Defining O&M

- O&M funding recognition
 - Costs vary between projects/managers
 - Location
 - Size
 - Habitat type
 - Style of management (states versus tribes)
- These issues make benchmarking difficult
- A one-size-fits-all approach will not be effective



Agency 1 has (1) 640 acre parcel

1 mile

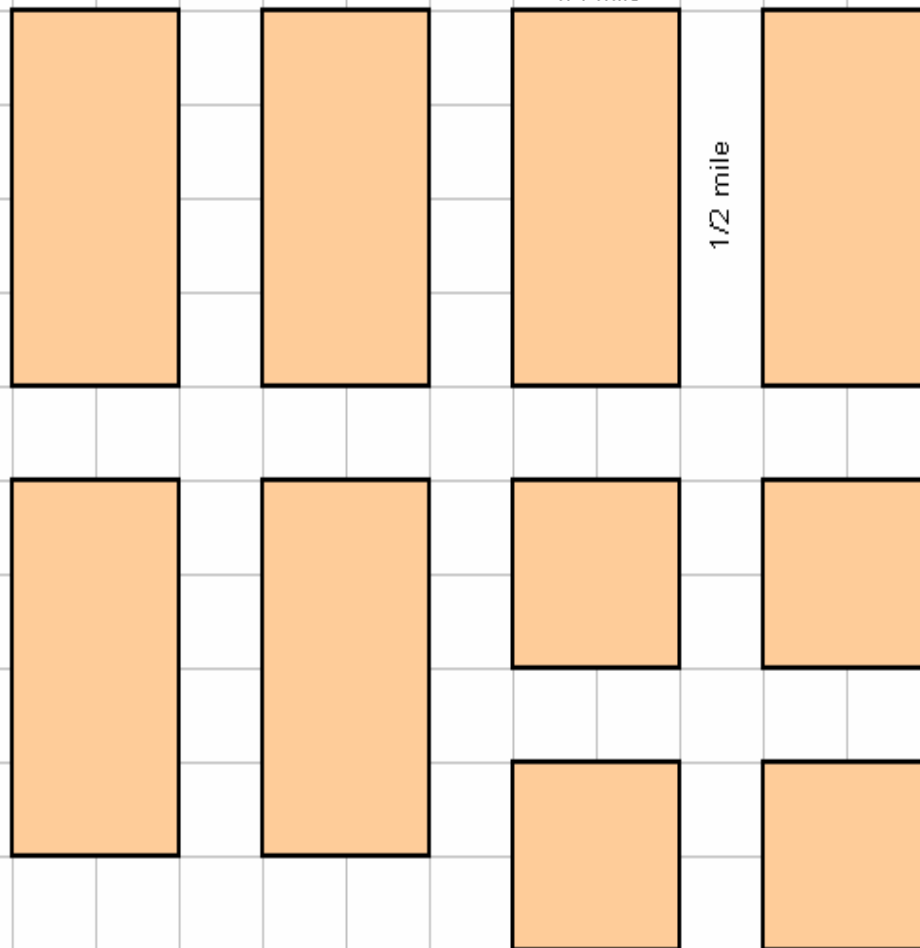


4 miles of boundary fence to construct & maintain

Agency 2 has (6) 80 acre tracts & (4) 40 acre tracts that total 640 acres

1/4 mile

1/2 mile



13 miles of boundary fence to construct & maintain

Defining O&M

- A ceiling or cap approach will not work
 - Incentivises lower cost projects to increase budgets
 - Penalizes high cost projects with special circumstances
- Best determined on case-by-case basis between BPA COTR and project sponsor
 - Experts will find middle ground and efficiencies



Defining O&M Summary

- Basic functions to provide and maintain maximum HUs to BPA
- Includes items found in O,M&E guidelines produced by CBFWA wildlife committee 1998
- Does not include enhancements/restoration actions, pre-acquisition work, or other administrative costs
- O&M is a variable cost issue tied to regional, habitat, and landform differences and cannot be explained or benchmarked very easily

Native Grassland



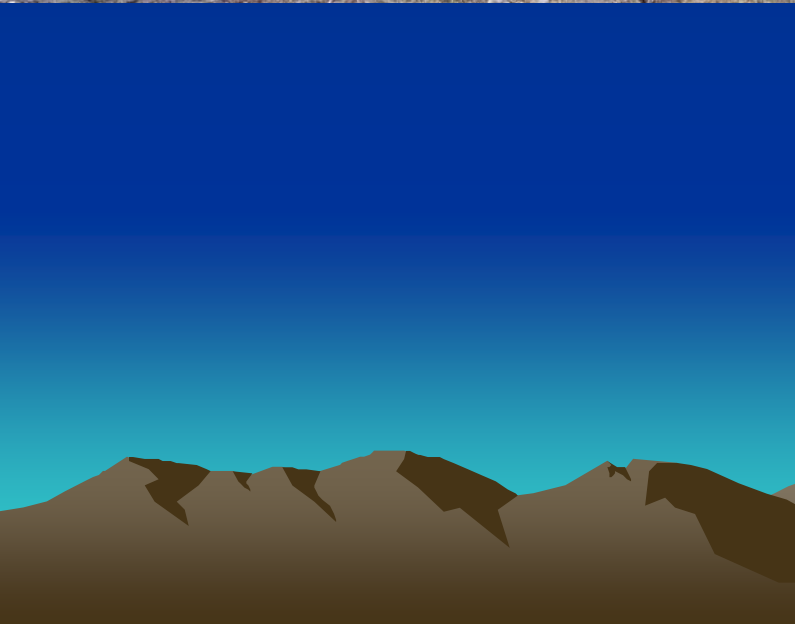
Habitat Degradation




What is Enhancement/Restoration

- Increases HUs beyond baseline – all HUs will require O&M
- Includes things like habitat conversions, water control structures, wetland developments, forest improvements, planting, fence construction, etc...



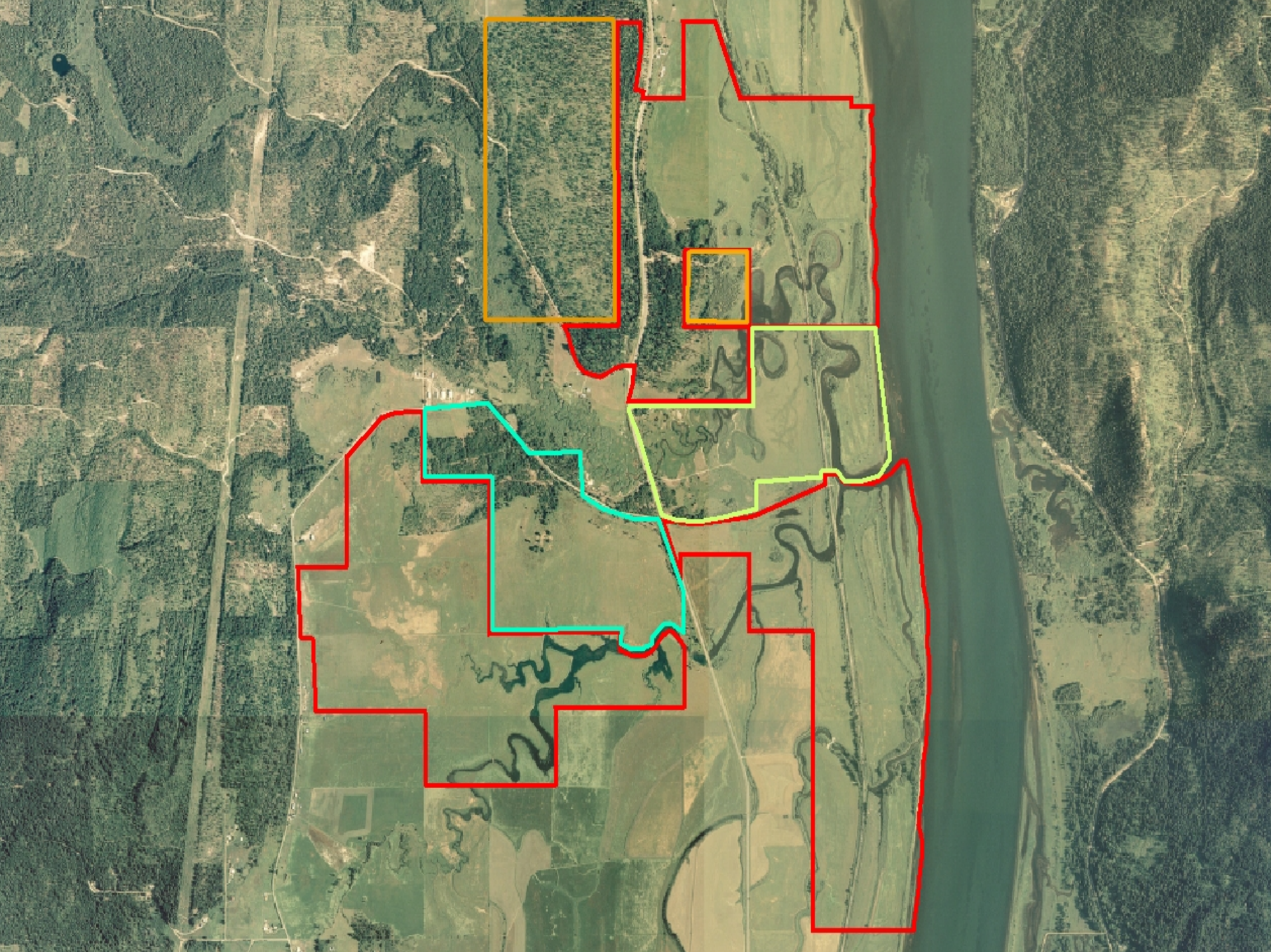


Basic Functions of O&M

- Must be funded to keep HUs intact
 - If HUs are lost, must be replaced with increased protection
 - Must include only those actions/activities described in the Guidelines (CBFWA 1998)
 - Includes things like fence repair, building maint., road maint., planting maint., water structure operations and structural replacement costs, etc...
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O&M As Part of a Maturing Program

- O&M should not be perceived as a “bow wave” problem; but as part of a maturing program, O&M will necessarily become the majority of expenditures
- O&M is not a 1:1 linear expression of current costs/acre
 - O&M cost/acre will decrease over time and with increases in acreage and efficiencies
 - Start up or base costs are higher per acre due to economies of scale
 - O&M costs vary due to location, habitat type, geography, management style

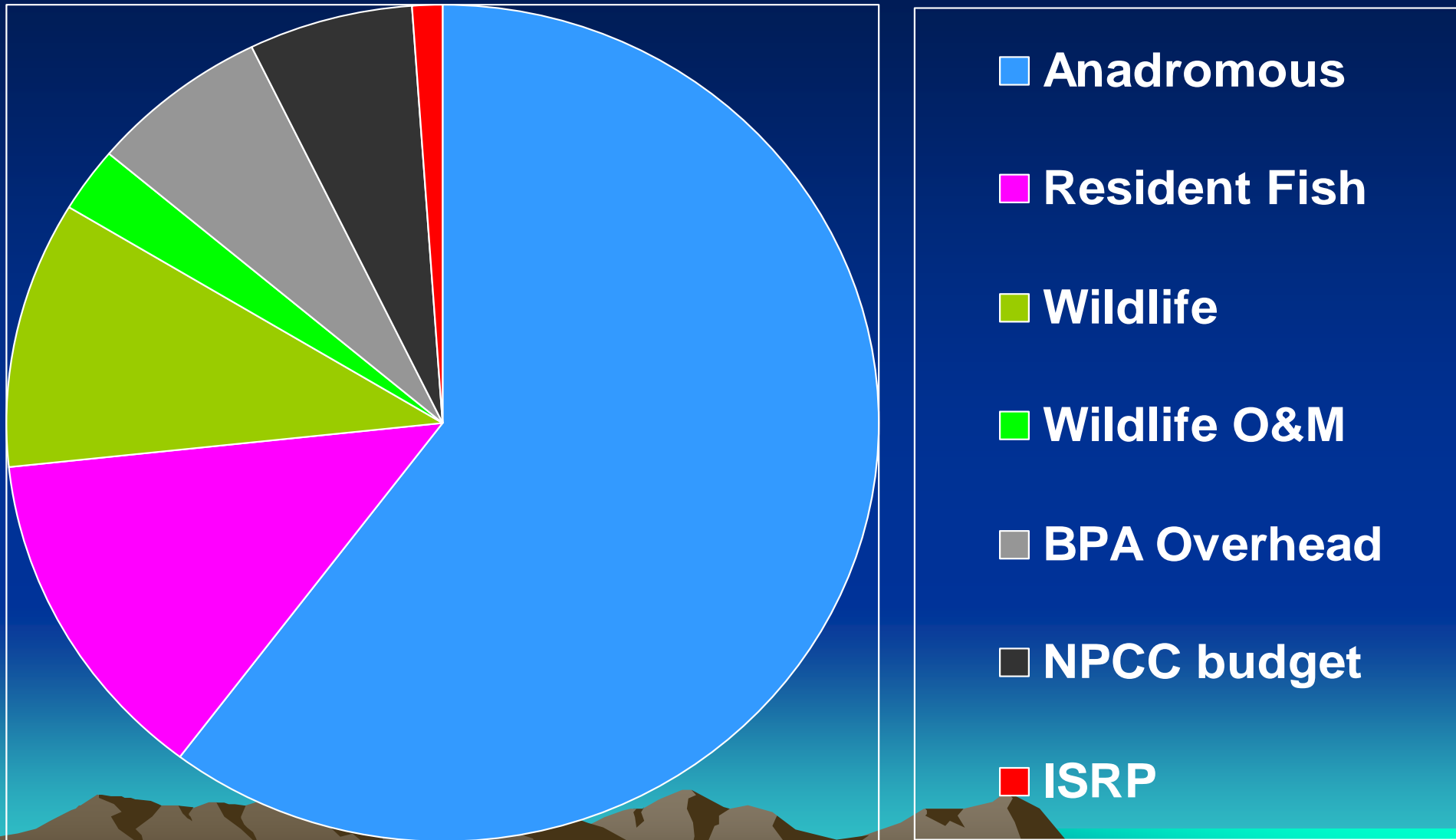




O&M Facts

- O&M for wildlife constitutes approximately \$4,338,655 dollars and is only 3% of the current F&W Program budget and 20% of the 15% dedicated to the wildlife portion of the Program (\$21.45 million, includes capital & expense)
- BPA provided spreadsheet is inconsistent with O&M definitions and some errors associated with it
- O&M includes both actions, NEPA and administrative support to complete them

Program Funding Example



O&M Facts

- BPA conservatively estimates HUs at 50%
 - Costs is at ~\$4.3 million
 - A doubling of HUs to 100% does not mean the budget will double
 - Estimate that is may increase by 1/3
- This still equates to less than 4% of the Program budget in today's dollars (~\$5.8 mil)
 - Far less than 15% of budget and leaves room for new work (e.g., operational losses mitigation)

O&M Facts

- O&M is the responsibility of the FCRPS to fund
- It should last as long as dams have existed (life of project)
- It cannot include in-lieu issues (hunting programs, manager mandates, other mandates)
 - Those items must be sponsor funded



O&M Examples

- Kalispel currently have two projects and contracts that mitigate Albeni Falls Dam
- One is 600 acres and costs ~\$99,000
- One is 2,500 acres and costs ~\$100,000
- Economy of scale and administrative redundancies – combining projects saved money
 - Reduced O&M in one project from >\$139/acre to a combined \$39/acre



O&M Examples

- Example: Kalispel O&M is only \$39-\$136/acre based upon analysis of WEs and items budgeted against corrected acreage for both projects – BPA reports it at \$144 and \$211/acre
- FY 2007-09 costs including capturing all projects under one budget and increasing acreage show O&M reducing over time from \$39 /acre to \$28/acre

O&M Discussion/UCUT Commitment

- Help to define O&M by engaging in NPCC, BPA or other processes to do this.
 - Build off of existing “good work”
 - Refine and improve cost information
 - Refine and improve definitions
 - Continue to press the issue until resolved or at least better understood
 - Stay in front of policy makers
 - Encourage more regional discussion prior to IEAB review
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