Northwest Power and Conservation Council

January 9, 2007

TO: Council Members

FROM: Patty O'Toole, Program Implementation Manager

SUBJECT: Presentation by wildlife managers on wildlife project-operation and maintenance costs

Wildlife Managers from around the Columbia Basin will present information on wildlife project operation and maintenance costs at the January Council meeting. Attached are some initial thoughts from the wildlife managers on this topic. Basin wildlife managers will be meeting on January 11th to discuss this topic and the draft IEAB work order for wildlife operation and maintenance costs.

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MEMO

To: Northwest Power and Conservation Council
From: Wildlife Managers
RE: January 17, 2007 Presentation by wildlife managers on wildlife project operation and maintenance costs

Introduction

The construction and operation of the Columbia River Basin hydropower system has had far reaching effects on wildlife and wildlife habitats. A framework for mitigating these effects was established under the Northwest Power Planning Council's Fish and Wildlife Program (Program) and agreements with Bonneville Power Administration (BPA). Under this framework, projects are reviewed, approved, and funded to achieve and sustain levels of habitat and species productivity.

Project funding includes not only that required for the initial habitat protection, restoration and enhancement efforts, but also funds for long term operations and maintenance of projects to provide and document continuing benefits to the rate payers of the Pacific Northwest. It is important to note that there are few bright lines distinguishing between restoration and enhancement of habitats from operations and maintenance (O&M). This distinction is blurred by differences in project implementation strategies that are driven by the realities of project size, configuration and ecologically complexity, and funding constraints. While a few projects may have a short intensive and extensive initial enhancement phase followed by a significantly reduced maintenance phase, large projects or projects with greater ecological challenges typically require a longer vision of restoration with persistent attention to habitat quality through application of multiple treatments over many years.

Individual mitigation projects are dispersed throughout the Columbia Basin and have diverse characteristics including size, approach, ecology, implementing agency, and other factors that may affect costs. While this document is intended to outline and discuss the primary causes for variation in implementation costs associated with ongoing wildlife habitat mitigation projects, it is not intended to cover all possible sources or to quantify their relative contributions to cost variations. It is important to note that not all causes for cost variations are within the reasonable control of the implementing agency because many are driven by the nature of the mitigation obligations, provisions of the Program, cost/share, and availability of suitable mitigation sites. Additionally, while the Program calls for managers to *utilize, where equally effective alternative means of achieving the same sound biological objective exist, the alternative with the minimum economic cost* [Northwest Power Act, §4(h)(6)(C), 94 Stat. 2709.], it does not mandate a program driven by cost at the expense of project effectiveness. Cost is only one of many critical factors that must be considered.

Cost Factors

Variations in project implementation costs may generally be attributed to four primary factors.

1. Mitigation Goals, Objectives and Strategies
   - Habitat types based on loss assessments establishing mitigation obligations
   - Protection vs Restoration/Enhancement vs Conversion
   - Degree of self sustaining and naturally functioning ecologies inherent in project

2. Project Site Specifics (many are mitigation obligation driven)
   - Topography
   - Soils
   - Climate
   - Project size
   - Project continuity and configuration
   - Existing habitat types and conditions (note link to mitigation objectives)
   - Travel and access infrastructure
   - Adjacent land use and condition
   - Other peripheral threats
   - Distance to implementing agency facilities
   - Distance to major population centers
   - Local Economies
   - Surrounding and overlaying jurisdictions (local, state, federal, tribal)
   - Cultural Resources
   - TES Species
   - Environmental Hazards

3. Implementing Agency (efficiency and approach)
   - Indirect rate
   - Organizational structure
   - Job Classifications and requirements
   - Staff seniority
   - Management philosophy/mandates
   - Existing institutional protocols
   - Inherent capacities and authorities

4. Financial Resources/Rate of implementation
   - Initial restoration/enhancement funding levels
   - Funding availability/prioritization and affect on baseline management plan funding
   - Funding vehicles (trusts, funding streams, annual appropriations)

Conclusion

All of the above elements can account for subtle and sometimes substantive variations in the cost of individual mitigation tasks and overall project operations. These elements work separately and synergistically to cause cost variations. The complex nature of these interactions may make standardization or bench marking of mitigation costs impractical and inefficient. While standardization may be accomplished through the development of "reasonable" or "target" cost ranges for particular activities, those ranges may be so wide as to make the value of the exercise questionable. While these differences may be negatively perceived by policy makers, they are not necessarily problematic. They are an unavoidable reality of implementing what is arguably the most complex and extensive fish and wildlife restoration and mitigation effort in history. Arbitrary attempts to eliminate or minimize these cost variations could have significant impacts on the effectiveness of the individual projects and the mitigation benefits to wildlife. We recommend that careful consideration be given to the issues raised in this brief paper and suggest that the NWPCC and IEAB fully consult with the Wildlife Managers as they attempt to "streamline" or "standardize" operation and management costs for wildlife mitigation projects.