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May 3, 2007

DECISION MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, project implementation manager

SUBJECT: Council decision on quarterly review on within-year project funding adjustments for implementation

PROPOSED ACTION:

Approve the three within-year project funding requests as proposed by the Bonneville Power Administration as defined and conditioned by staff. At the May Council meeting, staff will provide an overview of all the requests and seek a recommendation from the fish and wildlife committee and the Council.

SIGNIFICANCE:

The total requested amounts are \$245,000 in expense and \$2,500,000 in capital funding in Fiscal Year 2007. These amounts are additional funds to the Fiscal Year 2007 - 2009 recommendations.

BACKGROUND:

The within-year budget requests for the second quarter of Fiscal Year 2007 have been reviewed by the budget oversight group (BOG). Bonneville, the Council, and the Columbia Basin Fish and Wildlife Authority formed the BOG to conduct a budget-tracking process. A principal role of the BOG is to determine if requests for additional funding are due to rescheduling, or if they are within-year requests (that is, scope change, budget change, scope/budget change, or new request), and to sort the within-year requests into one or more categories. Reschedules are forwarded to Bonneville for assessment and funding as funds become available, and within-year requests also are forwarded to Bonneville for recommendation, depending on the availability of funds.

On April 17, 2007, the Council staff presented the requests and reviewed the schedule for the five within-year budget adjustment requests for the second quarter of Fiscal Year 2007.

The comment period associated with these requests closed on April 23--we did not receive any comments.

As anticipated, after the close of the comment period, Bonneville submitted a letter addressing the within-year requests (see Attachment 1). The five remaining requests are categorized per the BOG review. Based on the reviews, the staff will bring to the committee and the Council a recommendation at the May meeting.¹

ANALYSIS:

As outlined in the attached table (see Table 1), three requests have been dealt with as emergencies, three requests were addressed as part of Bonneville's 2007 - 2009 funding decision, and one request is a work element of a proposal that was not funded in Fiscal Year 2007 and has been addressed separately.²

The following categories address the five project requests and the Council staff's recommendations.

Category 3a: Threats to Project Integrity - (a) that jeopardize the performance of the entire project

- Project 2005-007-00, Fulton, Phase 2, Diversion Dam, Chewuch River, Winthrop, WA. Requested \$96,000. This project was one of nine Updated Proposed Action (UPA) proposals received from Bonneville on March 8, 2005. On March 15, 2006 the Council approved the Fulton Diversion and Chewuch Diversion proposals for \$268,000. At the time of the decision, the costs associated with the Fulton Diversion to address a passage issue was assumed to be \$146,000. The request covers costs that were incurred by the Bureau of Reclamation (BOR) during construction oversight. Construction was completed on March 9, 2007, but additional work because of high water delayed the project's completion by 2 months. As detailed in Bonneville's letter, additional time is needed before making a recommendation regarding this BOR request. The request is a contractual issue and Council staff anticipates that this request will be brought back to the Council at the June meeting.
- Project 1995-057-00, Southern Idaho Wildlife Mitigation requested \$2,690,000. This is an ongoing project to implement, operate, maintain, monitor, and evaluate wildlife mitigation related to four Federal Columbia River Power System projects in the Middle and Upper Snake provinces. No capital cost acquisitions have occurred since 2002 due to

¹ The staff is proposing to bring a recommendation to both the committee and the Council at the May meeting since the quarterly review relates to the anticipated field season.

² On April 10, 2007, the Council recommended to Bonneville that the specific work task associated with the original proposal does not warrant an additional review by the ISRP. It is the Council's understanding that this project will receive funding only in Fiscal Year 2007, at an amount not to exceed \$65,000, and that any additional funds will be secured through a future solicitation process.

questions regarding changes in Bonneville's acquisition policies for the SIWM projects. However, these appear to have been resolved, and the Idaho Department of Fish and Wildlife is requesting that capital and expense funding resume for mitigation activities. The request has three parts: The capital element at \$2,500,000 secures fee-title acquisitions and easements in the Upper and Middle Snake provinces and is linked to one of the expense budget elements addressing pre-acquisition activities (\$40,000); the remaining expense budget element addresses the need to complete a maintenance facility (\$150,000).

On June 16, 2005 the Council approved a within-year request of \$72,000 to construct a residence and equipment maintenance facility. While the total cost was estimated to be \$182,000, the project's approved budget had only \$110,000 available for these structures. The 2005 approved request was used to construct a residence that was completed in December of 2005. However, due to delays in permitting, and environmental and engineering reviews, the maintenance facility was not constructed in either Fiscal Year 2005 or 2006. As a result, these delays and associated cost increases have added \$150,000 to the cost to build the maintenance facility by the end of Fiscal Year 2007.

Council staff recommends that the Council approve the request as supported by Bonneville, with the understanding that the additional land acquisition needs of this project in Fiscal Years 2008 and 2009 be anticipated in developing start-of-year budgets.

Category 4: Lost Opportunity

- Project 1995-057-00, Southern Idaho Wildlife Mitigation requested \$55,000. This request is associated with the project discussed under category 3a. The request addresses an immediate need and was submitted to ensure it would be addressed independently from the other request. A conservation easement on approximately 420 acres in eastern Idaho is being donated, and the budget request addresses the costs of the appraisal, baseline survey, and a stewardship fund. The Council staff concurs with the Bonneville recommendation to approve the request.

Category 5: Other

- Project 1992-026-01, Grande Ronde Model Watershed Program requested \$350,000. The project coordinates Bonneville-funded restoration activities in the Grande Ronde and Imnaha subbasins, working with tribes, agencies, and landowners. The sponsor's request is to augment the project's approved Fiscal Year 2007 budget³ to initiate design work for five additional fish passage projects to be completed between Fiscal Years 2007-09. Proposed costs associated with the out years for this request primarily address environmental review and some minor construction at \$920,000 in Fiscal Year 2008 and construction in Fiscal Year 2009 at \$4,000,000.

³ NWPPC FY 2007-2009 at \$1,183,849 per year. Bonneville's FY 2007 at \$1,554,849, FY 2008 at \$1,713,849, and FY 2009 at \$1,683,849.

As part of Bonneville's Fiscal Years 2007-2009 implementation plan, the project budget was increased over the Council's recommended budget to reflect the anticipated approval of a biological opinion. Based on this accepted budget increase and the high degree of uncertainty that currently exists among Council and Bonneville staffs over the availability of Fiscal Years 2008 and 2009 funds for work not proposed during the 2007-09 project selection process, the Council staff agrees with Bonneville on declining this request.

- Project 2003-063-00, Natural Reproductive Success & Demographic Effects of Hatchery-Origin Steelhead in Abernathy Ck., Washington requested \$464,558. The project addresses gaps in the biological opinion that Bonneville is currently implementing⁴ by addressing reproductive success of hatchery and natural-origin steelhead in Abernathy Creek.⁵ The sponsor did not submit a proposal for this project during the Council's Fiscal Years 2007 - 2009 solicitation process. Based on this, it was determined that the sponsor would need to seek a funding recommendation through a within-year project funding request. In September 2006, the sponsor submitted the proposal request to the BOG. On January 16, 2007, Council staff presented the requests and reviewed the schedule associated with the within-year budget adjustment requests for the first quarter of Fiscal Year 2007. In addition, on January 25, 2007, Bonneville submitted a request for a review to the Council. On February 14, 2007, the Council recommended, as part of the decision regarding within-year requests for the first quarter of Fiscal Year 2007, that the proposal be submitted to the ISRP for review, but that the funds for implementing the project would be dependant on a favorable ISRP and Council review as part of the second quarter review. On April 26, 2007, the ISRP provided their preliminary review of the proposal requesting additional information. On April 20, 2007, the Council received the response from Bonneville addressing the additional information. At the time the Council packet was being prepared, the ISRP had not completed their review. Therefore, the Council staff will present a recommendation at the June Council meeting.

Based on the reviews conducted by the BOG members, Council staff, and the review and correspondence received from Bonneville, the Council staff recommends that the three within-year adjustments, as outlined in the following table, be approved.

⁴ This proposal was a request for study (RFS) for implementation through the provincial review for the Mainstem/Systemwide (MS/SW) Province. It was funded as part of the Bonneville 2004 SOY decision to address Research, Monitoring, and Evaluation (RM&E) categories described in the NOAA Fisheries Biological Opinion for operation of the Federal Columbia River Power System (FCRPS).

⁵ The project follows a hatchery broodstock from a natural-origin steelhead population. It researches the genetic difference of the hatchery broodstock from the natural-origin population and the ecological impact of these steelhead to Abernathy Creek, Washington.

Table 1: Summary of within-year budget adjustments and staff recommendations for the second quarter of Fiscal Year 2007.

Category	Project #	Project Title	Sponsor	FY 2007 Budget (BPA)	Request	Status
1						
	1988-053-07	Parkdale O&M - Hood River Production Program	CTWSRO	\$251,107	\$30,225	Approved 3/7/07
	1988-053-08	Hood R Powerdale/Oak Springs/Round Butte	ODFW	\$548,866	\$6,000	Approved 1/10/07
	1998-010-05	Pittsburg Landing Fall Chinook Acclimation Facilities	NPT	\$729,635	\$12,000	Approved 3/7/07
3a						
	2005-007-00	Fulton, Phase 2, Diversion Dam, Chewuch River, Winthrop, WA	BOR	\$0 (NWPCC FY '05 @ \$146,000)	\$96,000	2 nd Quarter Decision - Deferred
	1995-057-00	Southern Idaho Wildlife Mitigation	IDFG	\$0	\$2,500,000 Capital and \$190,000 Expense	2 nd Quarter Decision - Approval.
4						
	1995-057-00	Southern Idaho Wildlife Mitigation Program	BPA	\$400,738	\$55,000	2 nd Quarter Decision - Approval.
5						
	1992-026-01	Grande Ronde Model Watershed Program	GRMWP	\$1,554,849	\$350,000	2 nd Quarter Decision - Declined.
	1996-077-02	Protect and Restore Lolo Creek Watershed	NPT	\$260,722	\$0 ⁶	BPA SOY, Approved 1/23/07
	1996-077-03	Protect and Restore Waw'aalamnime to 'Imnamatnoon Creek Analysis Area	NPT	\$367,843	\$0 ⁷	BPA SOY, Approved 1/23/07
	1996-077-05	Restore McComas Meadows/ Meadow Creek Watershed	NPT	\$331,259	\$0 ⁶	BPA SOY, Approved 1/23/07
	2003-063-00	Natural Reproductive Success & Demographic Effects of Hatchery-Origin Steelhead in Abernathy Ck., Washington	USFWS	\$0 (NWPCC FY'06 @ \$391,422)	\$464,558	2 nd Quarter Decision - Deferred
New Project						
	2007-065-00	Restore Spawning and Rearing Habitat in Squaw Creek Tributary to the Little Salmon River Idaho	ISCC	\$0	\$65,000 ⁸	BPA SOY, Approved 4/10/07

⁶ The request addressed the scope of work elements and confirmation of conditions that will be addressed for FY 2008 and 2009.

⁷ The request addressed combining the geographic area with one ongoing project, Crooked to Colt Killed Watershed, 2002-074-00 and one new project Middle Lochsa Watershed 2007-255-00. The three watersheds would then be combined to form one new project (2007-395-00: Protect and Restore the Upper Lochsa Watershed) using the budgets of the two ongoing projects. No additional funding is requested, and the scope of the project will not change. This request represents an increase in geographical area only – there is no overall change in funding or scope.

⁸On April 10, 2007, the Council recommended to Bonneville that the specific work task associated with the original proposal did not warrant an additional review by the ISRP. It is the Council's understanding that this project will receive funding only in Fiscal Year 2007 at an amount not to exceed \$65,000, and any additional funds will be secured through a future solicitation process.

Attachment 1: Letter received on May 1, 2007 from Bonneville regarding within-year budget adjustments associated with the Quarterly Review.



Department of Energy

Official File

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

ENVIRONMENT, FISH AND WILDLIFE

April 30, 2007

In reply refer to:

Peter Paquet
Acting Fish and Wildlife Division Director
Northwest Power and Conservation Council
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Mr. Paquet:

In accordance with the Budget Oversight Group (BOG) process, the BOG recently conducted the Fiscal Year 2007 second quarterly review of Within-Year request for budget and/or scope modification. 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 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.

In accordance with the BOG process, the BOG site has documented comments submitted during the 14-day public comment period on these requests. BPA will consider any public comments received by April 23, 2007 before finalizing our decisions. BPA has included all requests, including those BPA advises to approve, deny or delay a decision.

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

Category

1. **Emergency** – Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish and/or wildlife resources or to mitigate serious human health or safety issues.
2. **ESA Obligation** – A new or ongoing project that addresses actions committed to by the Action Agencies to implement biological opinions. New projects will be reviewed by the Independent Scientific Review Panel, BPA and the Council prior to BPA funding.
3. **Threats to Project Integrity** – Actions necessary for the project, though not of an emergency nature, to avoid the loss of a previous project investment, including major project review (i.e., step review) that 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. the loss of monitoring and evaluation data.
4. **Lost Opportunity** – 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 requested budget increase and associated work is not approved. “Lost opportunity” constitutes a highly scrutinized status and does not necessarily constitute an automatic approval.
5. **Other** – Any project not deemed by the BOG to fall into the four categories defined above. The loss of capability to administer the project also falls into this category. Examples of this type of request might include cost-of-living increases or increases in indirect rates. Because these costs should be addressed through project contracting, it is unlikely that these projects would receive a high priority in the quarterly review process.

Project Funding Requests

Category 3a

[Project No. 2005-007-00](#)

Project Name: Fulton, Phase 2, Diversion Dam, Chewuch River

Budget Amount: \$96,000

Funding Category: Expense

Contractor: Bureau of Reclamation

BoR is not authorized to fund construction itself. This has led to an agreement in which BoR can provide support for planning, design and/or permitting, and BPA provides funds for construction. The Bureau of Reclamation (BoR) funded the design for Phase 2. Therefore, because BoR was intimately familiar with the design, BPA contracted with the BoR to provide construction

oversight. Construction was scheduled to have been completed by December 31, 2006. Construction took longer than anticipated, and was completed and inspected March 9, 2007. A generally protracted construction schedule, the complexity of dealing with high water due to inclement weather, and significantly increased subcontractor activity during the last 2.5 months of construction led to increases in both the duration and intensity required for construction oversight.

Delay - BPA has requested additional information, is continuing to review the BoR request, and has not made a recommendation.

Project No. 1995-057-00

Project Name: Southern Idaho Wildlife Mitigation

Part 1

Budget Amount: \$2,500,000

Funding Category: Capital

Budget Amount: \$ 40,000

Funding Category: Expense

Part 2

Budget Amount: \$150,000

Funding Category: Expense

Contractor: Idaho Department of Fish and Game

This request has 2 parts.

The first is a request for protecting HUs through fee-title acquisitions and easements in the Upper Snake and Middle Snake Provinces. During solicitation, it was the understanding of the sponsor that consensus among co-managers was a prerequisite before BPA would fund any additional HU protection under the Southern Idaho projects umbrella. After the solicitation closed, and the sponsor learned that this was not the case, IDFG subsequently opted to submit this Within-Year request. This request reflects what IDFG would have submitted had this understanding been clear during the solicitation process. This part of the request is for \$2,500,000 in capital for land (IDFG assumes capitalization criteria will be met) and \$40,000 in expense for pre-acquisition costs.

Secondly, IDFG is seeking an additional \$150,000 in expense funds to construct a maintenance building on the Deer Parks Management Area in 2007. A Within-Year request for both a replacement house and maintenance building had previously been approved by the Council in 2005 ([Original request link](#)). The residence was finished in December 2005. Due to much slower than anticipated permitting for both the residence and the building (Division of Public Safety and NEPA), costs have subsequently increased (mostly labor, concrete and steel). Additionally, Davis-Bacon wages were not taken into account at the time the original cost estimate was made. The request submitted on March 31, 2005 was for \$110,000. The current cost estimate reflects a 36% increase in costs and includes inflation through the anticipated summer/fall 2007 construction window (after the required re-bidding is completed).

Support - BPA supports both parts of this request for 2007 (Total \$2,500,000 capital; \$190,000 expense).

Category 4

Project No. 1995-057-00

Project Name: Southern Idaho Wildlife Mitigation

Budget Amount: \$55,000

Funding Category: Expense

Contractor: Idaho Department of Fish and Game

A landowner in eastern Idaho is interested in donating a conservation easement on approximately 420 acres in order to protect its wildlife values in perpetuity. Through the Southern Idaho Wildlife Mitigation Program, BPA and IDFG will facilitate this donation by providing funding for the appraisal, baseline survey, and a small amount of stewardship funding.

The property is located in Teton County, ID close to Yellowstone and Grand Teton National Park. The property has been recognized by IDFG, USFWS and USDA as critical habitat for big game (elk, deer, moose) and Columbian Sharp-tail grouse. Recently, IDFG, USFWS and USDA have provided funding to reseed a significant portion of the property with native and prime winter vegetation to support an even larger big game population. The property contains a 5-mile section of Bitch Creek Canyon, one of the healthiest Yellowstone Cutthroat trout streams in the Snake River Drainage because it has not been invaded by Rainbow or Brook Trout, and is the only remaining free flowing tributary to the Teton River.

Support - BPA supports this request for funding to facilitate the donation of a conservation easement, which represents very cost-effective fish and wildlife mitigation.

Category 5

Project Number: 1992-026-01 (Update)

Project Name: Grande Ronde Model Watershed Program

Budget Amount: \$350,000 (for 2007)

Funding Category: Expense

Contractor: Grande Ronde Model Watershed Program

The Grande Ronde Model Watershed has requested funding for planning and construction for 2007 (\$350,000), 2008 (\$1,190,000) and 2009 (\$4,000,000) to address passage (5 barriers specified in the request, as well as remedies for generic low flows) in the Grande Ronde Subbasin. Improvements include upgrading or new passage, ditch consolidation, and reduced conveyance losses and increased irrigation efficiencies (resulting in increased instream flows).

Deny - BPA does not support this request as presented. Alternatively, BPA has chosen to support increased funding in the Grande Ronde Subbasin with augmentation of the Grande Ronde Model Watershed's budget in both expense and capital (\$3,000,000 cumulative total increase over 3 years) in its 2007-09 Implementation decision. Contracting to authorize this additional funding level will be initiated as soon as possible following a final remand outcome and a new court-supported FCRPS Biological Opinion.

Project Number: 2003-063-00 (Update)

Project Name: Natural Reproductive Success & Demographic Effects of Hatchery-Origin Steelhead in Abernathy Creek

Budget Amount: \$464,558

Funding Category: Expense

Contractor: U.S. Fish and Wildlife Service

After the Fiscal Year (FY) 2007–2009 solicitation closed, it became evident that one project expecting to receive ongoing funding, Natural Reproductive Success and Demographic Effects of Hatchery-Origin Steelhead in Abernathy Creek (Project No. 2003-063-00), had not submitted a proposal to the solicitation process. As with any other proposal submitted outside of the solicitation, the sponsor was directed to make a request through the Within-Year process.

This project was originally proposed in response to BPA's request for studies to address critical uncertainties for hatchery effectiveness under the 2000 Biological Opinion.

In January 2007, BPA requested that the Council forward this proposal to the Independent Scientific Review Panel (ISRP) for scientific review and suggested this proposal then continue to be handled via the Within-Year process for the first quarterly review. Meanwhile, BPA has provided a short-term contract extension with the U.S. Fish and Wildlife Service for this project pending ISRP, Council and BPA review of the proposal. During the first Quarterly Review, BPA recommended supporting this project, pending a favorable ISRP review. BPA continues to support that recommendation.

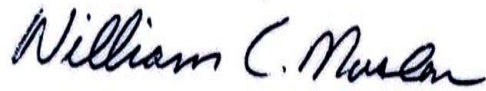
Delay - BPA is delaying support for long-term funding for the duration of the proposal period until both the Council and BPA have had an opportunity to more extensively review the sponsor's reply to the ISRP questions. In the interim, the continued contract with the project sponsor will assure that short-term funding is provided.

Summary

In summary, the total expense funding recommended in this letter is \$245,000; the total of capital funding recommended is \$2,500,000. 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 Implementation decisions.

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,

A handwritten signature in black ink that reads "William C. Maslen". The signature is written in a cursive, flowing style.

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. Michael Coffey, BPA
Mr. Peter Lofy, BPA
Mr. Mark Shaw, BPA
Mr. Greg Dondlinger, BPA
Mr. Steve Cramer, BPA
Mr. Bob Austin, BPA
Mr. Dave Thatcher, BPA
Ms. Cecilia Brown, BPA
Mr. David Byrnes, BPA
Ms. Dorie Welch, BPA
Ms. Tracy Hauser, BPA

Request date	Project ID	Project Title	Sponsor	Mod Type	Requester	BOG Meeting Date	Current Status	Expense Budget Impact	Capital Budget Impact
2/26/07	200500700	Fulton, Phase 2, Diversion Dam, Chewuch River, Winthrop, WA	DOI, Bureau of Reclamation	FY 2007 Within-Year Ongoing	Ernie Lopez	3/7/2007	Under BOG Review	Delay	
2/28/07	199505700	Southern Idaho Wildlife Mitigation	Idaho Dept. of Fish and Game	FY 2007 Within-Year Ongoing	Steve Elam	3/7/2007	Under BOG Review		\$2,500,000
2/28/07	199505700	Southern Idaho Wildlife Mitigation	Idaho Dept. of Fish and Game	FY 2007 Within-Year Ongoing	Steve Elam	3/7/2007	Under BOG Review	\$190,000	
2/28/07	199505700	Southern Idaho Wildlife Mitigation Program	Bonneville Power Administration	FY 2007 Within-Year Ongoing	Dorothy Welch	3/7/2007	Under BOG Review	\$55,000	
1/3/07	199202601	Grande Ronde Model Watershed Program	Grande Ronde Model Watershed Program	FY 2007 Within-Year Ongoing	Jeff Oveson	1/10/2007	Under BPA Review	Deny	
8/25/06	200306300	Natural Reproductive Success & Demographic Effects of Hatchery-Origin Steelhead in Abernathy Ck., WA	U.S. Fish and Wildlife Service	FY 2006 Within-Year Ongoing	Patricia Crandell	9/6/2006	Under NPCC Fish and Wildlife Committee Review	Delay	
							Total	\$245,000	\$2,500,000

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