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April 28, 2015

DECISION MEMORANDUM

TO: Fish and Wildlife Committee members

FROM: Tony Grover, Lynn Palensky, Kerry Berg

SUBJECT: Recommendation to request a budget provision in the Start of Year (SOY) 2016 program planning budget to fund emerging priorities.

PROPOSED ACTION: Committee recommendation for a Council request of Bonneville to include a \$3 million budget provision in the SOY 2016 planning budget to fund emerging priorities through a targeted solicitation.

SIGNIFICANCE: The request would result in an opportunity to fund new or expanded work in the priority areas of the fish and wildlife program without increasing the annual program budget.

BUDGETARY/ECONOMIC IMPACTS

This request would not require an increase in program funds, but rather it asks Bonneville to manage contracts throughout the year so that actual spending can accommodate this small amount of funding for expended work on emerging priorities. Additionally, the Cost Savings Work Group commits to finding and accounting for savings within the program. The goal for this meeting is to discuss generally how this process will play out and hopefully discuss specific targeted savings for 2016 at the June Council meeting. Savings found through this effort will help to minimize the risk in managing contracts to include this budget provision. A request of this size represents less than one percent of the overall program budget¹

¹ Annual planning budget for 2015: \$309 million (expense) – (cbfish.org).

BACKGROUND

Program language reference (from page 116 – pre-publication):

Bonneville funding for emerging program priorities

Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program and as necessary, from additional expenditures. Savings from the current program should not compromise productive projects that are addressing needs identified in this program. For example, additional funding can be obtained when projects complete their goals, such as a research project, or when a project is no longer reporting useful results. Funding should also be sought in general overhead budgets including Bonneville's overhead for its Fish and Wildlife Division. To the extent that targeted savings are insufficient to meet Bonneville's financial obligations in this program, Bonneville should consider increasing expenditures. Prior to every rate case Bonneville should report to the Council how it plans to budget for implementation of the fish and wildlife program.

ANALYSIS

The Council is committed to work in partnership with Bonneville to find cost savings that will “assure funding for identified program priorities to maximize the biological response resulting from ratepayer and cost-shared investments.” *2014 Fish and Wildlife Program Investment Strategy at page 114.*

Principles to guide cost savings identification effort:

1. Cost savings efforts will not impact any existing settlement agreements or accords between Bonneville and their partners.
2. Cost savings efforts will not affect the legal defensibility of the FCRPS Biological Opinion or Bonneville's ESA obligations.
3. Non-Accord, Non-BiOp projects will not be unfairly burdened by any cost savings efforts.
4. Bonneville will not overspend its fiscal year budget to fund emerging program priorities.
5. Any proposal to target savings from existing projects (subject to Principles 1, 2, and 3) should be directed toward:
 - a. Projects that are closing out
 - b. Projects that receive unfavorable scientific review
 - c. Efficiencies achieved within existing projects or programs
 - d. Projects where benefits are low or FCRPS nexus is weak.
6. Cost savings efforts will have a reasonable lead time to ensure smart close out, appropriate budget planning, and allow sponsors to transition.

ALTERNATIVES

- Request Bonneville increase program dollars for this effort.
- Request Bonneville include an amount different than the \$3 million in the 2016 SOY planning budget.
- Do not increase program dollars or request a within-budget provision, but rather fund expanded work based on incidental program savings identified from the cost savings workgroup.

NEXT STEPS

- Cost Savings Workgroup to target specific project savings for SOY 2016.
- Cost Savings Workgroup/Fish Committee needs to further prioritize emerging priorities/viable spending options and what they entail.
- Need to discuss how fish and wildlife managers/project sponsors will be involved in this process and how to address their concerns.
- Continue discussion of longer term Program cost savings effort (2017 and beyond).