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April 5, 2016

MEMORANDUM

TO: Fish and Wildlife Committee members

FROM: Tony Grover

SUBJECT: Cost Savings Workgroup – update

BACKGROUND:

Presenters: Committee Chair Anders, Bryan Mercier, Bonneville Power Administration (BPA), Kerry Berg, Lynn Palensky, Laura Robinson and Tony Grover, all Council staff.

Summary: The Cost Savings Workgroup met recently to discuss opportunities to find additional potential cost savings and is seeking the Committee's advice on next steps.

Relevance The cost saving workgroup implements the language on page 116 of the 2014 fish and wildlife program: *'Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program...'*

Background: Council member Anders chairs the cost saving workgroup, which is composed of Bryan Mercier, Bill Maslen and Peter Cogswell of BPA and Kerry Berg, Lynn Palensky, Laura Robinson and Tony Grover, all Council staff.

The cost savings workgroup initially developed a cost savings methodology, which was approved by the Council at the regular July 2015 meeting in Spokane, (<http://www.nwcouncil.org/media/7149359/1.pdf>). Additional information about the cost savings workgroup and the methodology can be found on the Council's website at <http://www.nwcouncil.org/fw/cost-savings-group/>, including a 'frequently asked

questions' document that explains what the cost savings workgroup does and how it goes about identifying and vetting potential cost savings.

In its first sweep through projects in FY2016 the Cost Savings Workgroup used a 'mechanistic' approach to finding projects that meet the criteria in the cost savings methodology. That effort, presented to the Committee in March 2016, netted four projects and over \$560,000 in savings.

There was a request by Member Rockefeller to explore other opportunities for cost savings that would be in addition to the 'mechanistic' cost savings approach approved by the Fish Committee. The workgroup discussed this and came up with three potential opportunities, which may or may not involve the cost savings workgroup. The three categories of potential cost savings include:

A. Projects or components of projects identified through programmatic review: Periodic review may result in identification of certain projects or groups of projects that are not providing the anticipated results, are no longer relevant, or are not scientifically sound.

B. Projects with a common subject matter that no longer meet program goals: New scientific information or a change in policy direction may render projects within a particular subject matter of questionable value. This may be a cost savings opportunity, or an opportunity to adjust project focus to reflect the new information or policy direction. Either way, the effort results in more efficient and focused mitigation efforts.

The Council has sponsored topic-specific science/policy workshops in the past with the intention of clarifying policy direction related to the topic. The workshops are often used to discuss the new information or policy direction, how funded projects fit within the new direction, and what should happen next. The information gathered from these workshops, or any regular project review process, could result in cost savings to be considered by the Committee/Council and could involve the cost savings workgroup. For example, as we update the research plan, the Council may find opportunities to streamline RM&E projects, which may also result in cost savings benefits.

C. Project specific scrutiny: The workgroup recognizes that individual projects may be perceived to have specific problems that arise outside of project/programmatic review. An example might be a project conducting work outside the scope of work or project proposal. If the Committee desires, the cost savings workgroup could serve to pre-screen/review these individual projects to inform the Committee on whether to look more deeply into the project or to keep the project within the normal categorical or geographical review cycle.