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November 8, 2016

DECISION MEMORANDUM

TO: Council members

FROM: Staff

SUBJECT: The Cost Savings Workgroup recommended to the Committee a path forward for using cost savings to fund emerging program priorities and the process by which to do that.

PROPOSED ACTION: Recommendation on the use of \$510,000 in cost savings to fund work in emerging priority program areas for Operation and Maintenance of existing facilities, sturgeon and lamprey.

Recommendation from the CSW:

- 1. Use \$200,000 of cost savings to fund the top priorities identified for O&M from the initial assessment (anticipated in January). Fund work from those priorities that can be completed within one year from contracting with Bonneville.*
- 2. Use remaining cost savings to further work on sturgeon and/or lamprey based beginning in FY 2017 through a Request for Information (RFI) process to identify specific work. Fund work that can be completed within one year from contracting with Bonneville.*

As of November 2016, there is \$510,000 in cost savings available. Given the amount of funding available and staff's assessment of current activities, the Committee recommends that the Council consider the following program areas:

Maintenance of past investments (EP1): The O&M subgroup has been conducting condition assessments on Program hatchery facilities and screens to develop a long-term O&M strategic plan to ensure the longevity and integrity of these Program's assets. The subgroup anticipates having an initial list of priorities for funding by year's end. In anticipation of finalizing the assessment and specific priorities, the O&M subgroup made a request to the CSW for \$200,000 to expend for top priorities identified through that assessment. The CSW agreed that we should address O&M immediately because it is the program's top priority. The committee concurred and therefore recommend the Council agree to support \$200,000 to implement priority work in 2017, as identified by O&M Subcommittee.

Sturgeon (EP5): Based on critical uncertainties identified in the 2014 program for white sturgeon and the status of isolated populations in the lower river, there is an urgent need to better understand the status of the species, particularly in lower Snake River, and the factors limiting recruitment. While there have been specific and recent implementation needs identified by managers, a targeted Request for Information¹ could help the Council identify the highest priority work consistent with the Program and the White Sturgeon Planning Framework.

Lamprey (EP5): Based on critical uncertainties identified in the 2014 program for Pacific lamprey it's important to continue broadening our understanding of hydrosystem impacts, species status and life history requirements. While the lamprey work implemented under the Program is being conducted primarily by Fish Accords parties, there are may be additional measures identified in our Program that the Council should consider. We anticipate hearing more about priorities from the regional parties working on lamprey within the next one to six months. The Council could recommend either a RFI or a targeted RFP to help identify specific projects.

SIGNIFICANCE:

As part of our annual work plan, Council staff tracks what is happening within each emerging priority area at a high level. Staff made an initial assessment of the current status and progress in the emerging priority and other programs areas to understand where there might be opportunities to expand existing work or fund new work in 2017/2018. Some considerations included the likelihood of expending funds in 2017 (or one year from time of contracting) and 'readiness' to proceed. The Committee

¹ A **Request for Information (RFI)** is used when you have not defined a scope of work and would like more information from the implementers. It is typically followed by an RFP.

A **Request for Proposal (RFP)** is used when you have a defined scope of work but want to assess potential approaches. Typically, this is a more formal process and has procurement rules for content, timeline and vendor responses.

feels it important to start with program areas that can be implemented immediately.

Unsolicited proposals: While the CSW has not solicited project proposals, a few short project proposal summaries have been submitted to the CSW to consider for near-term funding. The topic areas include hatchery effectiveness and habitat work related to climate change. At this point the CSW will keep those in a dynamic list of potential opportunities for consideration should the Council provide direction to prioritize work in those program areas at a later date.

BUDGETARY/ECONOMIC IMPACTS

No increase in overall program spending since the funds came from within savings in the current program budget.

BACKGROUND

Council member Anders chairs the cost savings workgroup, which is composed of Bryan Mercier, Peter Cogswell and Scott Donahue 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.

Identified Cost Savings:

At the March and May 2016 Fish and Wildlife Committee meetings, five projects were identified by the CSW as sources for a total of \$651,915 in cost savings that would be available in FY 2017.

To date the Council has recommended to BPA the use of \$140,000 of the identified cost savings for a habitat assessment above Chief Joseph dam (\$100,000) and for Lake Roosevelt northern pike suppression efforts (\$40,000). Somewhat more than \$510,000 of cost savings remains to be allocated.

Considerations for the use of cost savings

As previously described, BPA has created a reserve fund for cost savings in FY 2017. The availability of funds is dependent on: (1) the spending trajectory within the FY16/FY17 rate period, and (2) developing a process to reallocate funds to other priorities.

At the May and October 2016 Fish and Wildlife Committee meetings the CSW requested and received committee support to explore approaches to identifying potential projects or program functions to apply identified cost savings. Approaches and that have been explored include:

1. Allocating funds directly to existing projects to implement elements of the 2014 program's emerging priorities as identified on page 116 of the program and
2. Soliciting proposals (targeted) to implement emerging priorities and other measures in the 2014 program.

Direct Allocation

This approach will likely work well for allocating the funds for priority O&M work. Depending on the facilities and the need, Bonneville has the flexibility to develop direct contracts with existing project implementers or with contractors who are best suited to complete the repairs or replacements of infrastructure.

Targeted Solicitation (RFI or RFP)

The Council and BPA have recent experience with the successful completion of just this of a targeted RFI/P process in the Habitat Assessment work. This approach, while a longer time commitment, might work well to identify priority work for sturgeon and pacific lamprey. If Committee/Council approved, staff would work to maintain the benefits and attributes of a targeted solicitation, while compressing the timeline as much as possible for a 2017/2018 one-year implementation window.

After the CSW obtains the committee's preference for solicitation topics, the CSW will bring all successful proposals, following ISRP review, to the committee for a decision. The proposed project(s) will then be brought to the Council for a decision whether or not to make an implementation recommendation to BPA.

Additional information:

The Council and BPA have experimented with many project solicitation methodologies, which can be found under 'Older Reviews' here:

<http://www.nwcouncil.org/fw/reviews/>

Project solicitation alternatives were discussed at the August 2015 Committee meeting: <http://www.nwcouncil.org/media/7149431/f4b.pdf>

If need be, staff can discuss the pros, cons and outcomes of the past project solicitation initiatives.