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June 5, 2018

MEMORANDUM

TO: Council Members

FROM: Tony Grover

SUBJECT: Briefing on Bonneville Power Administration proposed reductions to Fish and Wildlife Expenditures, FY 2019-2021

Presenters: Elliot Mainzer, Bonneville Administrator (phone)
Lorri Bodi, Vice President of Environment, Fish and Wildlife, Bonneville
Bryan Mercier, Executive manager, Fish and Wildlife Division, Bonneville

Summary: Bonneville will provide an overview and update on the FY19 Start of Year (SOY) process for the Fish and Wildlife Program. The SOY budget planning process is an important milestone every year because it sets expectations regarding Bonneville funding for projects and contracts that will be developed in the upcoming fiscal year. Bonneville is approaching this SOY process differently than it has in the past to accommodate the fiscal uncertainty that it faces and to ensure the Fish and Wildlife Program has sustainable funding levels.

F&W Program Portfolio

Proposed Reductions to Fish & Wildlife Expenditures FY2019

Bryan Mercier
June 12, 2018

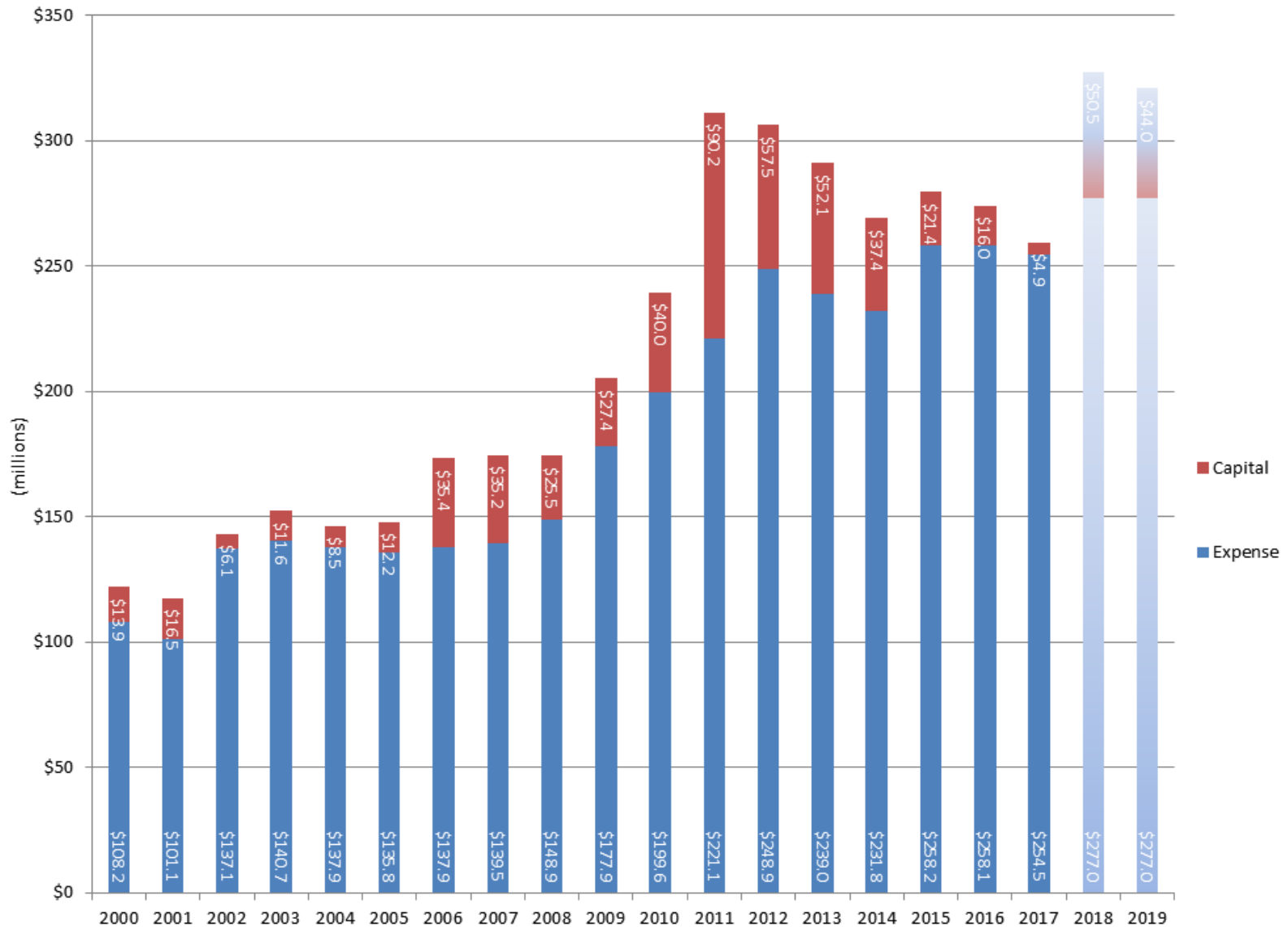


BPA Strategic Direction

Context

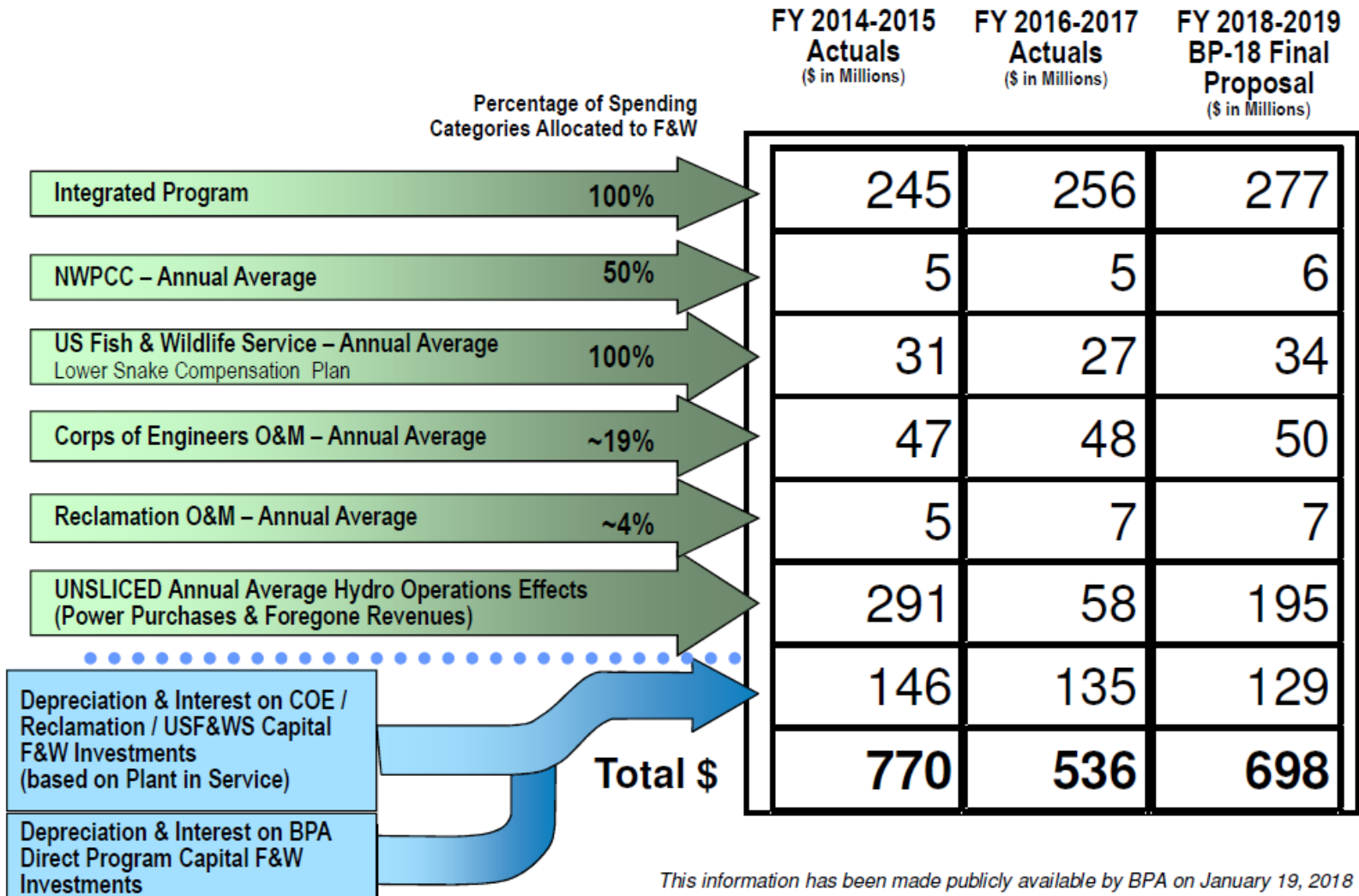
- 1 Strengthen BPA's Financial Health**
Volatile Energy Market (PF Rate)
Long-term Competitiveness (2028)
- 2 Maintain Costs at or Below Inflation**
Agency-wide budget reductions (e.g. staffing, programs, assets)
Includes F&W Program (e.g. staffing, travel & training budgets, programs)
- 3 Sources of uncertainty**
Proposed Spill Surcharge (\$10M surcharge, \$20M cost reductions)
2018 NOAA BiOp & Proposed Action
2008 Fish Accords

BPA Expense & Capital Budget Trends



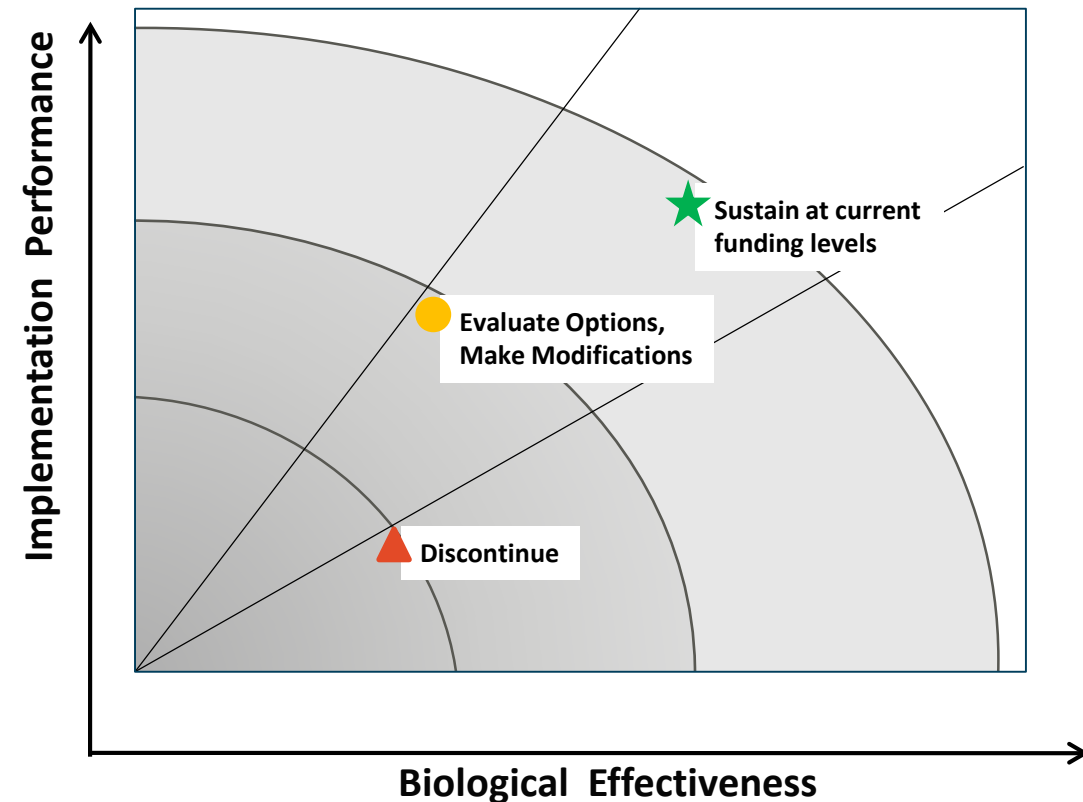
Total annual average cost of BPA fish and wildlife actions

Total Annual Average Cost of BPA Fish & Wildlife Actions



This information has been made publicly available by BPA on January 19, 2018 and contains information not reported in agency financial statements.

Factors and Considerations Informing Decisions



- 1 Biological Effectiveness**
 - ✓ Eliminate redundancy
 - ✓ Prioritize on the ground habitat actions
 - ✓ Hatchery production levels consistent with plans
 - ✓ Value-add RM&E data that can inform management decisions
- 2 Implementation Performance**
 - ✓ Meet objectives & milestones
 - ✓ Timely reporting & within budget
 - ✓ Benchmark costs across region
- 3 Incentivize Cost Share**
 - ✓ Prioritize projects that leverage BPA funds
 - ✓ Attract cost share

Project Review Approach

- 1 Bottom Up ↑, Not Top-down ↓**
- 2 Biological & Performance Focus**
- 3 Proposed FY19 Budget Reductions**
- 4 Ongoing discussion with regional partners**

Portfolio Analysis Results

1 AREAS OF EMPHASIS

- ✓ On the Ground
- ✓ FCRPS Nexus
- ✓ Legal Compliance
- ✓ Effective & Efficient Performance

2 AREAS FOR POTENTIAL REDUCTION/EFFICIENCIES

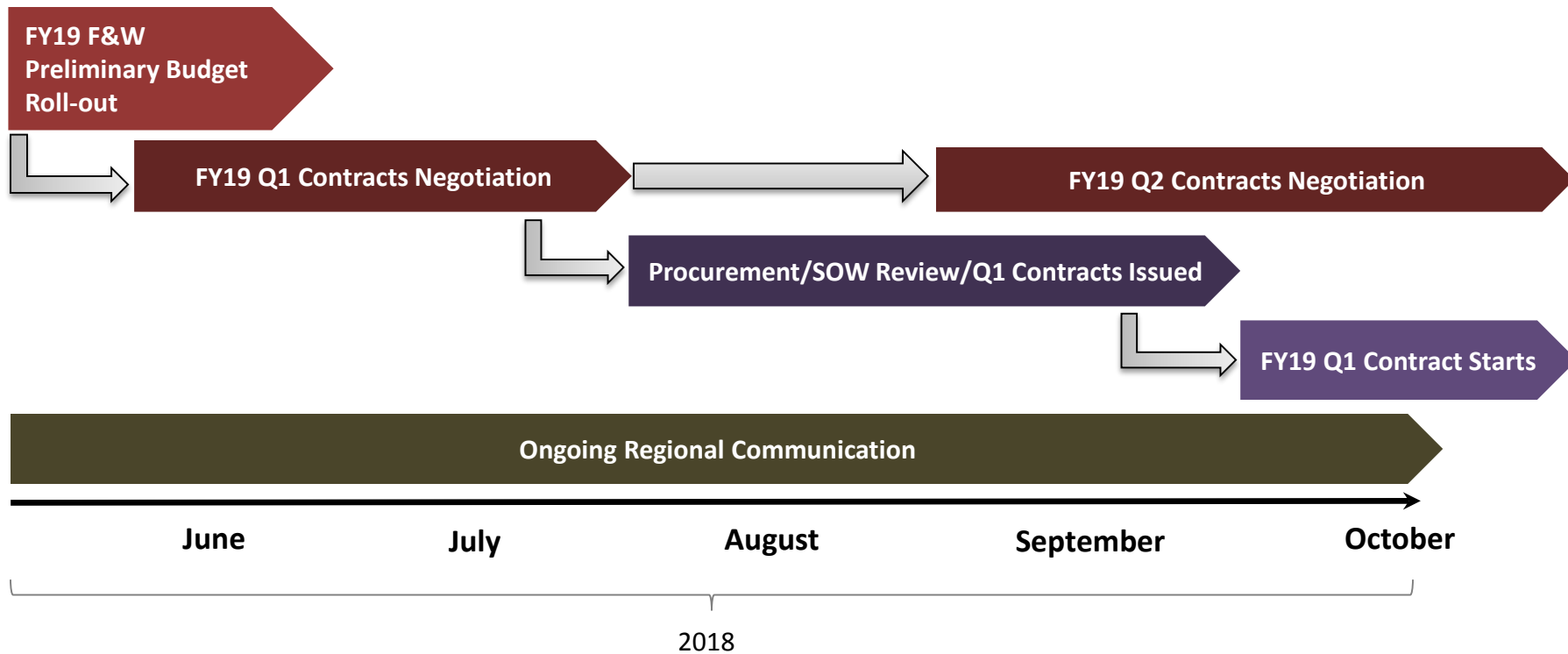
- ✓ Research, Monitoring & Evaluation
- ✓ Data Management
- ✓ Administrative “belt tightening”
- ✓ Elimination of duplication
- ✓ Weak FCRPS nexus
- ✓ Project close-out or poor performance
- ✓ Rightsizing/cost share

Portfolio Analysis Results

FY19 Proposed Reductions

- 1 PARTNER PORTFOLIOS ~ \$8M**
Tribes, States, Soil & Water Conservation Districts and Watershed Councils
- 2 PROGRAM PORTFOLIO ~ \$18M**
Programmatic Priorities and Areas of Emphasis
- 3 FEDERAL PORTFOLIO ~ \$4M**
BPA Overhead and Internal Costs, LSRCP

FY19 SOY Budgets Timeline



Next Steps

Context

- 1** Ongoing Conversations with Regional Partners
Alignment on priorities and funding levels
- 2** Incorporation of FY19 budgets into Pisces for contracting
- 3** Continued coordination with the Council...more to come
- 4** IPR Workshop for FY20-21 budgets - July 17th, 2018