MEMORANDUM

TO: Fish and Wildlife Committee members

FROM: Council and Bonneville staffs

SUBJECT: Update on Budget Oversight Group process

BACKGROUND:

Presenter: Mark Fritsch and Patty O’Toole (Council staff), and Scott Donahue and Crystal Ball (Bonneville Power Administration staff).

Summary: A general overview of the history and process of the Budget Oversight Group (BOG) will be presented by Council and Bonneville Power Administration (Bonneville) staffs. Staff will highlight the evolution of the function of this forum since its inception, and how we will collaboratively assess where it should change with eyes to the future. The intent is to implement appropriate changes by Fiscal Year 2022.

Relevance: This effort is consistent with Fish and Wildlife Division work plan 2021; Program Implementation; Task E. Budget Oversight Group.

Background: In 2004, Bonneville, Council and Columbia Basin Fish and Columbia Basin Fish and Wildlife Authority formed a budget oversight group (BOG) to conduct a budget tracking process. The principle role of the BOG is to validate whether a change request by a fish and wildlife Program project sponsor is a budget and/or scope change, and to categorize the request to determine further action.

The BOG meets monthly to review change requests. The meetings are held on the first Wednesday of each month.
Typical requests include changing the type or scope of work being done under a project, which may include a one-time budget increase and additional review by the ISRP or requesting a one-time increase to a project's budget to cover an unforeseen emergency. All change requests are coordinated through Bonneville’s Contracting Officer’s Representative (COR). The BOG helps review, categorize, and then makes a recommendation for a decision. In addition, there is a BOG management group that provides oversight and direction to the BOG regarding items that need expedited treatment or policy direction. The BOG management group consists of BPA’s Fish & Wildlife Director and the Council’s Fish & Wildlife Director.

Over the past 16 years the BOG process has changed and evolved to the needs of implementing projects in the Fish and Wildlife Program. A summary of those changes can be found in Attachment 1.

The formality of the BOG process has created value for the region. Over the years the established meeting dates, commitment to a defined process with a common set of rules and criteria, a venue for trust-building and communication between Bonneville and Council staffs, and transparency and record for within-year requests.

That said there is a need to revise the BOG process to meet the current needs of the Fish and Wildlife Program. The current review process has not been updated since 2017.

Bonneville continues to manage its fish and wildlife mitigation costs to meet the goals of the agency’s 2018-2023 Strategic Plan. The plan’s Objective 1a calls for improving cost management by holding the sum of program costs, by business line, at or below the rate of inflation through 2028. Specifically, Goal 3, Objective 3c of the plan outlines the directives that Bonneville follows as it implements mitigation efforts consistent with the Council’s Program during the current rate case\(^1\),\(^2\). That goal states Bonneville will “Prioritize fish and wildlife investments based on biological effectiveness and mitigation for FCRPS impacts; and manage fish and wildlife program costs at or below inflation, inclusive of new obligations and commitments.”

Currently, Bonneville and Council staffs are working to revise the BOG process to coordinate implementation of the Fish and Wildlife Program and Strategic Plan. The intent is to have a revised process to Council members soon to be implemented starting in Fiscal Year 2022.

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\(^1\) Letter to Chair Devlin regarding Bonneville’s 2021 SOY Budget, dated October 5, 2020
\(^2\) Letter to Chair Devlin providing comments on Council revised part one of the addendum, dated June 22, 2020.
More Info:

- Call-in and live meeting information is available online at https://www.cbfish.org under the Explore/Reviews/Change Request (BOG) tab (https://www.cbfish.org/ChangeRequest.mvc/Index).

- FY 2018 Process for Making Budget Modification/Change Requests (Currently posted)
Attachment 1: History of the Budget Oversight Group (BOG)

FY 2004; established

Late in Fiscal Year 2004 a work group was formed that consisted of Council state and central staff, Bonneville staff and Columbia Basin Fish and Columbia Basin Fish and Wildlife Authority (CBFWA) staff and was called the Budget Oversight Group (BOG) to conduct a budget tracking process for the Fiscal Year 2005. It was anticipated that this process would be used to track budgets adjustments and modification requests through the fiscal year.

A principle role of the BOG was to validate whether the requests were a reschedule or within year request (i.e., Scope Change, Budget Change, Scope/Budget Change, Reschedule, and New Request). Reschedules were forwarded to Bonneville for assessment and funding as funds become available and within-year and scope change requests were forwarded to BPA for recommendation on the availability of funds.

FY 2005; Updated Proposed Action (UPA) and the need to prioritize

The BOG process was revised to address items being proposed by the Action Agencies in the Final Updated Proposed Action (UPA) published on November 24, 2004.[1]

At the February BOG meeting Bonneville indicated that they were nearing a point where funds may be identified to address the within year adjustments. At the March BOG Bonneville stated that the target budget for the within-year requests is $1,000,000.

After the March 9th BOG meeting, additional meetings occurred on March 15th and 30th to discuss and developed a draft set of prioritization criteria for sorting the FY05 within-year requests – in order of priority.

1. Emergency – Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish or wildlife resources or problems of human health or safety.

2. ESA Obligation - a new or ongoing project that directly implements actions committed to in the November 24, 2004 Updated Proposed Action and were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the ESA. Except in extraordinary

[1] The effects of the November 24, 2004 Updated Proposed Action were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the Endangered Species Act (ESA).
circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to Bonneville approval.

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:
   - Jeopardize the performance of the entire project
   - Jeopardize the performance of a discrete task or objective of the project causing:
     1. biological consequences to the project.
     2. the loss of monitoring and evaluation data.
     3. of the loss of capability to administer the project

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 project or work element is not implemented.

5. Other - Any project not falling into the four categories defined above.
FY 2006 – 2007; Quarterly Review and New Starts

The BOG was revised to use the quarterly reviews to initiate a prioritization process to establish which budget adjustment requests can be met with the available fund in the current Fiscal Year project budget. In addition, the revision included a public comment period.

The Quarterly Review meetings occur near the beginning of each quarter at the regularly scheduled BOG meeting. The purpose of these meetings will be to provide the current FY status of contracting and spending for the Program. BPA will provide a summary of the Program budget to identify available funding for re-allocation. BPA will provide a complete list of current budget modification requests, with the BOG-assigned categories, to align the requests with the available funding.

BPA will initiate a prioritization process by holding meetings the first (January) and second (April) and third (July) quarterly reviews of the fiscal year to establish funding priorities for budget adjustment requests received during the fiscal year quarter.

- First Quarter includes requests reviewed in October, November, and December BOG meetings.
- Second Quarter includes requests reviewed in January, February, and March BOG meetings.
- Third Quarter includes requests reviewed in April, May, and June BOG meetings.
- Fourth Quarter includes requests reviewed in July, August, and September. Requests submitted in the fourth quarter will be treated as an amendment to the Council’s start of year budget for the following fiscal year.

The quarterly review process will include a 14-day public comment period.
Mid FY 2008 – incorporation of the Threshold

The following was adopted by the Council in May 2008.

- Only true emergencies (defined in the BOG process as Category 1) will be handled through an expedited process. “Urgent” (but not “Emergency”) should no longer be a criteria for getting expedited treatment outside of the quarterly sequence.

- Requests denied by the Council and Bonneville may not be brought forward again for reconsideration during the current funding cycle unless; (1) significant and compelling information is first presented by the sponsor to Bonneville and the Council, and (2) a minimum of two members of the Council's Fish and Wildlife committee agree to reconsider the request for funding.

- Threshold for contract management - If the BOG determines the sponsor’s project budget adjustment request is within the scope of the recommended project and is within 10 percent of the approved budget and is less than $75,000, the adjustment can be made at Bonneville’s discretion. This threshold would only be applied once for a project during the funding recommendation cycle. If a request does qualify for the use of this criteria, approval would be reviewed by the BOG Management Group.
FY 2011: general updating and refinement (i.e. reflect cbfish.org and quarterly review). Starting in FY2013 the use of BOG dropped – everything done internal at BAP, except emergency type requests

The review process was updated to reflect changes to websites (i.e., cbfish.org) and categories (i.e. remove the number system of 1 - 5, and incorporate categories of Emergency, Urgent, Threshold, Categorical Review, and Quarterly).

1. Timeline (reschedules):

Project sponsors may request a change in timeline. A timeline change is called a reschedule where contracted tasks and the associated budget are moved from one project year to another project year and added to the subsequent contract.

Reschedules requests are decided by BPA based on the following criteria:

   A. The request includes tasks/funding that was previously contracted.

   B. Confirmation that money is still available in the contract/project to cover the rescheduled tasks.

   C. Proposed timeline change for rescheduled task completion is reasonable and attainable.

If the reschedule is approved, Work Elements, milestones, etc. should be updated in Pisces.

2. Budget Change (request for budget adjustment):
There are 5 processes that a budget change request can follow to reach a decision. At the BOG meeting, the BOG members will determine what process the request will follow.

A. **Emergency (must act now, follow up with paperwork later):** 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 should be addressed immediately.

° When this situation occurs, the project sponsor should deal with the issue immediately, but responsibly, in coordination with the BPA Project Manager and BPA Contracting Officer.

° If additional funding is needed to cover the issue (i.e. the emergency falls outside the normal SOW & line item budget), the project sponsor should submit a change request. The BOG will forward the request to BOG Management Group for confirmation.

B. **Urgent (just found out and need answer soon, but can’t wait for quarterly process):** Actions necessary for the project, though not of an emergency nature, to avoid the loss of a previous project investment, that would jeopardize the performance discrete task or objective of the project or have adverse biological consequences to the project.

° These urgent requests will be forwarded by the BOG to BOG Management Group for a decision.

*Poor planning does not constitute urgent; thus, this will be used infrequently.*

C. **Threshold:** The change request meets threshold category if all the following are true: 1) within the scope of the recommended project; 2) within 10 percent of the approved SOY budget; and 3) is less than $75,000.

° A decision is recommended by the BPA COTR & their manager and forwarded to the BOG Management Group for a confirmation.

D. **Categorical Review:** Change requests that are addressed within the Categorical Review and consistent with Council recommendation, but not yet addressed within BPA’s SOY.

° If the specific request has a favorable council recommendation, the decision will be made by BPA, coordinated through BOG.

E. **Quarterly:** All other requests that do not fall within the emergency, urgent, threshold or categorical review processes, follow the quarterly process.
Based on the schedule below, requests will be pooled together and be reviewed quarterly by Council followed by a BPA decision. (See table 2).

Following Council committee meeting, the 14-day public comment period is open. Comments can be submitted on the CBFish website: http://www.cbfish.org/ChangeRequest.mvc/Index

Table 2. Quarterly process schedule.

<table>
<thead>
<tr>
<th>Requests discussed at the following BOG Meetings will be pooled together:</th>
<th>Reviewed by the Council’s F&amp;W committee and initiate 14-day public comment the following month:</th>
<th>Reviewed by the Full Council and provide with a recommendation to BPA.</th>
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<tbody>
<tr>
<td>October/November/December</td>
<td>January</td>
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<td>January/February/March</td>
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<td>July/August/September</td>
<td>October</td>
<td>November</td>
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3. Scope (change in reviewed/approved location of work or work elements or progression through the Council’s three-step process):

Project Sponsors may request a change in Scope through the BOG. The BOG will review/discuss the proposed change in scope with the project sponsor during the meeting and determine next steps. The BOG will determine whether the request is a true change in scope and warrants ISRP review.

A. If BOG determines the proposed scope change does require ISRP review, the BOG will forward to BOG Management for concurrence.

- If BOG Management agrees to pursue the scope change, council staff will coordinate with the project sponsor and submit to ISRP.
- If BOG Management doesn’t agree to pursue the scope change, the request will be denied.
If BOG Management disagrees with BOG’s determination of ISRP review, they will determine next steps (i.e. follow quarterly process, falls within BPA contractual authority, withdraw).

B. If BOG determines the proposed change does not warrant ISRP review, the BOG will determine next steps (i.e. follow quarterly process, falls within BPA contractual authority, withdraw).

Project Sponsor should work with Council Staff and the BPA COTR to move through the three-step process. The three-step process can be viewed on the Council’s website: http://www.nwcouncil.org/LIBRARY/2001/2001-29.htm

FY 2016 – simplified to reflect only the three categories (i.e. emergency, threshold and quarterly) and lack of use

Project sponsors should coordinate all BOG request through their BPA COTR.

1. Budget Change Request:

There are three categories that a budget change request can follow to reach a decision to fund.

- Emergency: Acts of nature or the unforeseen loss of mechanical infrastructure that necessitates an immediate, unexpected, or unplanned action to avoid the imminent loss of fish and/or wildlife resources or to avoid serious human health or safety issue.

  - The project sponsor needs to contact the BPA COTR as soon as possible if the sponsor feels they have an emergency. The BPA COTR will inform their manager, the BPA Budget Team, and BOG Management Group. If an emergency does occur, the project sponsor should address the issue immediately, but responsibly and in coordination with the BPA COTR and the BPA Contracting Officer (CO). Accounting associated with this action will be presented as a request at the following BOG meeting.

- Threshold: A BOG request meets threshold category if the proposed change request meets all the following criteria:

  - The change is within the scope of the project.
  - Is within 10 percent of the approved BPA SOY budget; and
  - Is less than $75,000.
The project sponsor should work with their BPA COTR on the request. Once threshold status is determined at the monthly BOG meeting, the BPA COTR and BPA management will decide whether to forward the request to the BOG Management Group for a confirmation.

- Quarterly: All other requests for additional funding that do not fall within the emergency or threshold categories, will follow the quarterly process schedule (please see quarterly process schedule below). The project sponsor should work with their BPA COTR on the request.

Time sensitive actions outside the contract SOW that do not fall under the above definition of emergency may be categorized as “urgent” by the BOG. Criteria to define a request as “urgent” are actions that the project sponsor feels are necessary to prevent:

- The imminent loss of a previous project investment,
- Jeopardizing a discrete task or objective of the project,
- An adverse biological consequence to the project.

Urgent requests will be forwarded by the BOG to the BOG Management Group for a concurrence and decision to fund. This expedited process usually takes one to two weeks. Please note that poor planning on the part of the project sponsor does not constitute an urgent request.

2. Scope Change Request:

Project Sponsors should request a change in scope through the BOG process if any proposed action changes the reviewed and recommended project, such as a change in intent, location, objectives, work elements or other significant modifications. The BOG will review the proposed change in scope with the project sponsor to determine if the change in scope request is truly outside the objectives of the project and requires ISRP review.

- If the BOG determines the proposed change in scope does require ISRP review, the BOG will forward to BOG Management for concurrence.
- If the BOG Management Group agrees to pursue the scope change, Council and BPA staff will coordinate with the project sponsor to submit a revised proposal to the ISRP.
- If the BOG Management Group does not agree to pursue the requested scope change, the request will be denied.
• If the BOG determines the proposed change to the scope does not warrant ISRP review, the BOG will work with the project sponsor on next steps for the request, which may be following the quarterly process, or the request may fall within BPA’s contractual authority, or the request may be withdrawn from the BOG process.

3. BOG requests will be considered with the following:

• Reality of timing to allocation of funds: Is the action ready for implementation or can the allocation of funds be shaped to reflect stages/phases of implementation.

• 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 that would:
  o Jeopardize the performance of the entire project.
  o Jeopardize the performance of a discrete task or objective of the project causing:
    ▪ ESA concerns.
    ▪ Biological consequences to the project.
    ▪ The loss of monitoring and evaluation data.

FY 2017 through to current – no revisions other than minor editorial. Primarily used for emergency/urgent type requests, with occasional scope change discussions. The infrequency of the use of this process reflects the ‘mature’ nature of the Program.