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January 5, 2015

MEMORANDUM

TO: Council members

FROM: Tony Grover

SUBJECT: Decision to approve the IEAB proposal for Task 211 to identify Approaches to Improve Planning for Long-Term Costs of Fish and Wildlife Projects

BACKGROUND:

Presenter: Tony Grover

Summary The IEAB proposes to develop guidance for project sponsors that will assist and encourage them to: 1) disclose all expected costs; 2) provide a template for reporting all expected long-term costs, including maintenance, replacement and close-out costs; 3) consider how risk and uncertainty might affect long-term costs; and 4) consider, evaluate and select improved long-term alternatives. The IEAB will also develop economic information to assist in the development of the long-term maintenance plan and process identified in the Council's 2014 Fish and Wildlife Program.

Budget The IEAB proposes to complete this Task for \$18,000.

Relevance The Council's 2014 Program suggests that "funding long-term maintenance of the assets that have been created by prior program investments" should be a top priority.¹ "There is a growing need

¹ Northwest Power and Conservation Council. 2014. Columbia River Basin Fish and Wildlife Program 2014. Pre-publication version. (October, 2014)

throughout the Columbia River basin to protect or upgrade these investments as facilities age or become obsolete.” Appendix P addresses maintenance of Program investments. “Adequate and dependable operation and maintenance support is needed to ensure ongoing proper functioning of past infrastructure investments. Types of projects that require a long-term financial maintenance plan” include “fish screens, fishways and traps, hatcheries, lands and habitat actions.” Appendix P also states that the IEAB should assist a work group that will “define and develop a long-term maintenance plan and process.”

Workplan: This Task is an important component of the Council’s 1st priority in the 2014 Fish and Wildlife Program and is therefore a high priority of the 2015 fish and wildlife division workplan, which is being developed now.

Background: Projects often have important cost implications that are not foreseen or disclosed when projects are funded. Projects often have cost implications that extend beyond the existing two to five year planning horizon. Some projects become more costly to operate and maintain in the future, some may face costs associated with technological change or obsolescence, and some have future replacement, close-out, or decommissioning costs. Uncounted future costs can create a financial burden for the Program. Even if a cost can be foreseen, the amount and timing of the future cost can be highly uncertain. Better information on unforeseen or uncertain costs in both the short term (less than 5 years) and long term could help the Council make more informed decisions.

Project benefits can be increased, and costs reduced, by better cost planning that considers a project’s entire expected lifespan. Cost savings can be obtained by adopting project plans that provide similar or greater benefits at less long run total cost. Planning principles require that, where such superior alternatives may exist, these alternatives should be objectively compared to the proposed project. This task would provide guidance for staff and sponsors to help ensure that projects that are cost-effective in the long run are considered and implemented.

More Info: See attached document which is a description of Task 211: Approaches to Improve Planning for Long-Term Costs of Fish and Wildlife Projects