

Bruce A. Measure
Chair
Montana

Rhonda Whiting
Montana

W. Bill Booth
Idaho

James A. Yost
Idaho



Dick Wallace
Vice-Chair
Washington

Tom Karier
Washington

Melinda S. Eden
Oregon

Joan M. Dukes
Oregon

August 5, 2010

DECISION MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, project implementation manager

SUBJECT: Council decision on third quarter within-year project-funding requests

PROPOSED ACTION: Approve three of the within-year project-funding requests as presented by staff.

BUDGETARY/ECONOMIC IMPACTS

The total requested amount is \$379,385 in expense and \$15,815,105 in capital Fiscal Year 2010 funds. This amount is in addition to the Fiscal Year 2010 funding recommendations.

BACKGROUND

In 2004, Bonneville and the Council formed a budget oversight group (BOG) to conduct a budget tracking process. A principal role of the BOG is to validate whether the requests are a reschedule or within-year request (i.e., scope change, budget change, scope/budget change, reschedule, and new request) and to place the within-year requests into one or more of the sorting categories (1-5). Reschedules are forwarded to Bonneville for assessment and funding as funds become available, and within-year requests are also forwarded to Bonneville for recommendation on the availability of funds as identified at the quarterly reviews.

The BOG uses the quarterly reviews to initiate a prioritization process to establish which budget adjustment requests can be met with funding available in the current fiscal year project budget. This process also includes a public comment period.

On July 7, 2010, the Council staff presented to the Fish and Wildlife Committee the requests and reviewed the schedule for the within-year budget adjustment requests for the third quarter of Fiscal Year 2010.

The comment period associated with these requests closed on July 21st. Several comments were received regarding the request associated with Project #1992-068-00, *Willamette Basin Mitigation*.

ANALYSIS

Of the nine requests reviewed by the BOG during the third quarter of Fiscal Year 2010, three requests are seeking a recommendation in August. Two requests are within the recommendations made as part of the wildlife categorical review, two requests are being addressed by the BOG Management Group, one request was deferred to a later date, and one request was withdrawn by Bonneville.

The following categories, as outlined in the attached table (see Attachment 1, page 6), address the nine project requests and the Council staff's recommendations associated with the four requests seeking a recommendation. In addition, on August 5, 2010, the Council received a letter from Bonneville summarizing these within-year requests being considered during the third quarter of Fiscal Year 2010 (see Attachment 2, page 7).

Category 2: ESA Obligation

Project 1995-033-00, Yakima Phase II Fish Screens Operations and Maintenance (O&M) with Bureau of Reclamation (BOR)

The Bureau of Reclamation (BOR) is requesting \$124,000 in expense funds to complete the engineering designs associated with preferred alternative for the Glead Fish Screen. The Council approved a request in the first quarter of 2009 for the preliminary design work for modifications or replacement of this fish screen.

This project provides funding for the operation and maintenance to the BOR of Bonneville-owned Yakima Phase II fish screening and trapping facilities. The annual budget associated with this project addresses regular operation and maintenance. Currently, the screen does not meet passage criteria. The BOR is requesting funds for this design work for the May 2010 to April 2011 contract period. It is expected that when the final designs are complete, BOR would then ask for the construction costs, estimated now at \$520,000, for the 2011-2012 contract period.

Staff Recommendation: Council staff recommends that the Council support this request for \$124,000. The funds associated with this budget adjustment will come out of the Within-Year Bi-Op Placeholder. Bonneville also supports the budget adjustment.

Category 4: Lost Opportunity

Project 1992-068-00, Willamette Basin Mitigation

The Oregon Department of Fish and Wildlife (ODFW) is requesting \$4,750,000 in capital funds for the acquisition of a conservation easement of on 1,310 acres of native conifer woodlands, upland prairie, oak savanna, oak woodlands, grasslands and wet prairies located outside the town of Lafayette in the Willamette Valley. The conservation easement is on the Trappist Abbey property. The abbey is located within a priority conservation area for oak woodlands and contains high quality native upland prairie habitat and oak woodlands, both identified as rare plant communities in the Willamette Valley and identified in the Oregon Wildlife Conservation Strategy adopted by ODFW.

The property is also located in an area that is identified in the Willamette Subbasin Plan as a key wildlife area and provides habitat for numerous wildlife and plant species, including several migratory and resident bird species.

This request also includes a pre-schedule of FY 2011 funds of \$3,000,000 in capital funds and \$2,000,000 in Bonneville's FY 2010 capital budget to contribute to the easement's total cost of \$9,750,000. The Willamette Subbasin currently has the largest existing mitigation debt for wildlife in the Columbia Basin. Based on limited HEP assessments and estimated HEP values, currently 88,483 unmitigated habitat units remain from the original loss assessments. Both ODFW and Bonneville recognize that these current assessed values overstate the impacts of the Willamette dams and do not represent the true extent of mitigation already accomplished in the Willamette Valley. Through the use of the CHAP tool, both ODFW and Bonneville sought a better estimate of the percentage of mitigation represented by this acquisition.

Through the acquisition of this conservation easement, a substantial number of habitat units will be secured. The CHAP assessment is currently ongoing, but staff should have numbers to present at the Council meeting. ODFW and Bonneville have discussed alternative methods of crediting in the Willamette and will present the progress of those discussions

Under the conservation easement, the abbey property will remain under the monastery's ownership. The forests on the property will be managed sustainably to provide both timber resources for the monastery and wildlife habitat benefits. It is important to note that this parcel is very intact and it is rare to find a parcel of this size in the upland prairie habitat in the Willamette Valley. In addition, outyear O&M costs associated with the parcel will be covered by Our Lady of Guadalupe Trappist Monastery, the property owner.

As part of the public comment period several (5) comments were received in support of this request. Comments were received from adjoining property owners and citizens that have visited the abbey and its forest.

Staff Recommendation: Council staff recommends that the Council support the acquisition of this property. This recommendation requires that Bonneville and ODFW reach an agreement on the habitat units or some other methodology that would be credited against the overall Willamette wildlife losses.

Project 2009-017-00, *TNC Willamette Wildlife Acquisitions*

The Nature Conservancy (TNC) is seeking \$11,065,105 in capital funds to acquire a 1,271 acre parcel that includes six miles of river frontage at the confluence of the Middle and Coast Forks of the Willamette River, located near Springfield in the southern part of the Willamette Valley. Bonneville would hold a conservation easement on the property. The parcel contains three miles of interior streams and more than 500 acres of adjoining upland prairie and oak habitat. Together the site supports 25 terrestrial and aquatic focal species, including the listed spring Chinook, Oregon Chub and Bull Trout. Overall, this

project fully supports the goals, objectives, and priorities set forth in the Willamette Subbasin Plan, the Biological Opinion, and Recovery Plans for federally-listed fish and prairie species. Bonneville and NOAA Fisheries have held discussions to determine the nature of the credit Bonneville will receive under the Willamette Biological Opinion for the purchase of the property. Results of those discussions are not currently available, but staff expects Bonneville to report the result of those discussions at the Council meeting.

This request also includes a pre-schedule of \$6,400,000 in Bonneville's FY 2011 capital funds and of \$5,928,265 in the agency's FY 2010 capital budget to contribute to the easement's total cost of \$23,443,370. Due to the location and the size of the parcel, additional expense funds (\$255,285) are being requested to initiate costs associated with the transition of this property into the program. It is anticipated that this cost will approximate \$200,000 in the outyears. Sponsors have also obtained cost share of \$2 million from the Oregon Watershed Enhancement Board.

The Willamette Subbasin currently has the largest existing mitigation debt for wildlife in the Columbia Basin Based on limited HEP assessments and estimated HEP values. Currently 88,483 unmitigated HU's remain from the original loss assessments. Both ODFW and Bonneville recognize that these current assessed values overestimate the impacts from the Willamette dams and do not represent the true extent of mitigation already accomplished in the Willamette Valley. Through the use of the CHAP tool, both Bonneville and ODFW sought a better estimate of the percentage of mitigation represented by this acquisition.

Through the acquisition of this conservation easement a substantial number of habitat units will be secured. Currently the level of habitat units is being determined. The CHAP assessment is currently ongoing, but staff should have numbers to present at the Council meeting. ODFW and Bonneville have discussed alternative methods of crediting in the Willamette and will present the progress of those discussions

Staff Recommendation: Council staff recommends that the Council support the acquisition of this property. This recommendation presupposes that Bonneville and ODFW will reach an agreement on the habitat units or some other methodology that would be credited against the total wildlife losses for the Willamette Basin and the credit that the Action Agencies would receive for the acquisition under the Willamette Project Biological Opinion.

Category 5: Other

Project 1983-350-00, *Nez Perce Tribal Hatchery Operations and Maintenance (O&M)*

The Nez Perce Tribe (NPT) is requesting \$320,000 for two additional manufactured homes for the Nez Perce Tribal Hatchery (NPTH). Currently, the hatchery has two residences, one for the hatchery manager and one for the assistant manager. The request is being made to provide for reasonable staffing rotation of hatchery personnel at the site on a 7-day/week, 24-hour basis. The lack of permanent housing (currently a travel trailer

is being used) does not allow the level of live-on-station permanent staffing needed to complete work assignments efficiently and to monitor safety and alarm systems.

At its July meeting, the Fish and Wildlife Committee asked staff to provide a recommendation on this request before the August meeting packet date. However, in a letter received on July 28, 2010, Bonneville, based on the project history, deferred a decision on this request. Staff concurs with this deferral and will return to the Council in September with a recommendation.

Attachment 1: Within-year project funding adjustments received as part of the third quarter of Fiscal Year 2010.

Category	Project #	Project Title	Sponsor	FY 2010 Budget (BPA)	Request 2010	Status
2						
	1995-033-00	Yakima Phase II Fish Screens Operations and Maintenance (O&M) with Bureau of Reclamation (BOR)	BOR	\$107,499	\$124,000	August Decision
3a						
	1992-061-03	Albeni Falls Wildlife	IDFG	\$673,924	\$58,698	Wildlife Categorical Review
	1995-057-03	Southern Idaho Wildlife Mitigation-Shoshone-Paiute Tribes	SBT	\$102,500	\$170,000	Wildlife Categorical Review
	2001-031-00	Resident Fish Symposium	Lake Roosevelt Forum	\$20,500	\$20,500 ¹	BPA Withdrawn
	2003-114-00	Pacific Ocean Survey Tracking	Kintama Research	\$2,091,528	\$94,663	BOG Management, approved 3-24-10
4						
	1992-068-00	Willamette Basin Mitigation	ODFW	\$2,000,000 ²	\$4,750,000 ³ capital	August Decision
	2009-017-00	TNC Willamette Wildlife Acquisitions	TNC	\$419,900 expense, \$5,928,265 ⁴ capital	\$255,285 expense ⁵ , \$11,065,105 capital ⁶	August Decision
5						
	1983-350-00	Nez Perce Tribal Hatchery Operations and Maintenance (O&M)	NPT	\$2,084,051	\$320,000	Deferred
	2010-071-00, New Start	Study to Evaluate Survival of Adult Salmon Migrating from the Mouth of the Columbia River to Bonneville Dam	NOAA	NA	NA	BOG Management, declined 5-21-10

¹ This request was withdrawn by BPA and is addressed in FY 2011 SOY.

² This amount reflects the remaining capital budget associated with the project.

³ This request will also include a pre-schedule of \$3,000,000.

⁴ This amount reflects the remaining capital budget associated with the project.

⁵ Estimated budget associated with FY2011 and beyond is an additional \$200,000.

⁶ This request will also include a pre-schedule of \$6,450,000.

Attachment 2: Letter received in August 2010 from Bonneville regarding within-year budget adjustments associated with the Quarterly Review.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

August 5, 2010

In reply refer to: KEW-4

Mr. Tony Grover
Fish and Wildlife Division Director
Northwest Power and Conservation Council
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Mr. Grover:

In accordance with the Budget Oversight Group (BOG) process, the BOG conducted the third quarter review of within-year budget and/or scope modification requests for Fiscal Year 10 [submissions reviewed by BOG in April, May, and June]. These requests were presented at the July Fish and Wildlife Committee Meeting, and a 14-day public comment period was opened. As a result of the BOG review, consideration of any comments, and Council recommendations, the Bonneville Power Administration (BPA) has arrived at the following draft decisions.

Project Funding Requests

Category 2

Project Number: 1995-033-00

Project Name: Yakima Phase II Fish Screens Operations and Maintenance (O&M) with Bureau of Reclamation (BOR)

Contractor: US Bureau of Reclamation (BOR)

BPA-COTR: Jay Marcotte

BPA Manager: Peter Lofy

Budget Year/Amount Requested: 2010 / \$124,000

Funding Type: Expense

How does this project support a Biological Opinion? This project supports RPA 34 of the FCRPS BiOp.

Explanation of need: The Yakima Phase II Fish Screens Operations and Maintenance (O&M) project with Bureau of Reclamation (BOR) is requesting additional funding for design of the Glead Fish Screen. BPA-funded a design appraisal developed by an engineer with the Bureau of

Reclamation which has been reviewed by stakeholders including WDFW, NOAA, irrigation districts associated with Glead Canal, and Yakama Nation. The preferred alternative was selected at a meeting on 3/2/2010; design cost were estimated at \$124,000. Construction costs are currently estimated at \$520,000, with construction expected to occur in [**October 2012**] **The within year funding request for construction, based on final designs, is anticipated in mid-2011 and will be considered in planning for the FY12 start-of-year budget..**

BPA Recommendation:

BPA supports this request. BPA funded Reclamation for the initial design and construction of the Glead project in 1993. The new screen design will meet the updated regulatory operational criteria established by NMFS and USFWS, and improve conditions for rebuilding of Mid-Columbia steelhead.

Category 3b1

Project Number: 2009-017-00

Project Name: TNC Willamette Wildlife Acquisitions

Contractor: The Nature Conservancy

BPA-COTR: Dorie Welch

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$11,065,105

Funding Type: Capital

How does this project support a Biological Opinion? This project supports habitat restoration requirements established in the Willamette Project Biological Opinions issued by NOAA Fisheries and US Fish and Wildlife Service.

Explanation of need: The TNC Willamette Wildlife Acquisitions project is requesting additional capital funding in order to acquire a 1271-acre property at the confluence of the Middle and Coast Forks of the Willamette River. The Wildish property is located in a priority area for aquatic and upland habitat protection and restoration, as identified in the Willamette Subbasin Plan, the Biological Opinion for the Willamette River Basin Flood Control Project, and the Army Corps of Engineers' Willamette Floodplain Restoration Study. The property includes the confluence and six miles of frontage of the Middle and Coast Forks as well as three miles of interior streams. Approximately half of the Wildish property is comprised of floodplain habitat – the remaining acres are a mix of upland prairie, oak woodland, and conifer forest habitats. Located in one of the focus/conservation areas identified in the Willamette Subbasin Plan and the Oregon Conservation Strategy, the site supports 25 terrestrial and aquatic focal species. The Regional HEP Team and the Northwest Habitat Institute have been conducting the CHAP survey on this property to determine the number of habitat units that will be protected through its acquisition. The data analysis has not been completed, but it is expected shortly. Both spring Chinook and Oregon chub are present in the Middle and Coast Forks; this acquisition would provide protection and enhancement of habitat important to listed species and would address BPA's mitigation commitment under the Willamette BiOp. Additionally, the lower reaches of the Middle Fork have been designated as critical habitat for Bull Trout.

The owners have agreed to a fee-simple sale at the appraised value of \$23,443,370. TNC proposes to use \$5,928,265 from the current BPA FY10 capital budget; preschedule \$6,450,000 from the project's FY11 capital budget; and then this request of \$11,065,105.

BPA and ODFW are currently in discussions regarding a potential agreement on the outstanding wildlife mitigation obligation in the Willamette and a long-term plan for addressing BPA's mitigation responsibility. It is anticipated that an agreement could be completed in FY10, of which acquisition of both Wildish and Trappist Abbey would be a part. More details on the status of these discussions will be available at the time of the August 18, 2010 Council meeting.

BPA Recommendation:

BPA supports this request contingent upon agreement with NOAA Fisheries on Willamette BiOp credit, and the State of Oregon on both BPA's overall Willamette wildlife mitigation duty and the extent to which this project contributes against that obligation. Continued discussions with our tribal partners are also important.

Category 3b1

Project Number: 2009-017-00

Project Name: TNC Willamette Wildlife Acquisitions

Contractor: The Nature Conservancy

BPA-COTR: Dorie Welch

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$255,285; FY 11 & beyond / \$200,000

Funding Type: Expense

How does this project support a Biological Opinion? This project will help to support the habitat restoration requirements established in the Willamette Project Biological Opinions issued by NOAA Fisheries and US Fish and Wildlife Service.

Explanation of need: The TNC Willamette Wildlife Acquisitions project is requesting additional expense funding for costs associated with acquiring the Wildish property as well as future funding for operations, maintenance, monitoring and evaluation actions.

BPA Recommendation:

BPA supports the portion of this request that will go toward pre-acquisition costs. BPA supports the portion of future funding for operations, maintenance, monitoring and evaluation actions subject to the conditions established in the BPA recommendation for the capital piece of this request above.

Category 4

Project Number: 1992-068-00

Project Name: Willamette Basin Mitigation

Contractor: Oregon Department of Fish and Wildlife (ODFW)

BPA-COTR: Dorie Welch

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$4,750,000

Funding Type: Capital

How does this project support a Biological Opinion? This project does not support a Bi-Op.

Explanation of need: The Willamette Basin Mitigation project is requesting additional capital funding in order to acquire a conservation easement on the Trappist Abbey property located outside of Lafayette, Oregon in Yamhill County. The property is currently under the ownership of Our Lady of Guadalupe Trappist Monastery, a religious organization. The easement will cover approximately 1,310 acres, the majority of which consists of native conifer woodlands, upland

prairie, oak savanna, oak woodlands, grasslands and wet prairies. The abbey is located within a priority conservation area for oak woodlands and contains high quality native upland prairie habitat and oak woodlands, both identified as rare plant communities in the Willamette Valley and identified in the Oregon Wildlife Conservation Strategy adopted by the Oregon Department of Fish and Wildlife. The property is also located in an area that is identified in the Willamette Subbasin Plan as a key wildlife area and provides habitat for numerous wildlife and plant species, including several migratory and resident bird species such as the Acorn woodpecker, Streaked-horned lark, and White-breasted nuthatch.

Under the conservation easement, the abbey will remain under the monastery's ownership. The forests on the property will be managed sustainably to provide both timber resources for the monastery and wildlife habitat benefits. For example, oak woodland habitat on the property will be enhanced and expanded, and timber harvest will be done according to the Forest Stewardship Council's sustainability certification requirements.

The Trappist Abbey easement appraised value is \$9,700,000, and we are expecting up to an additional \$50,000 for closing costs. ODFW proposes to use \$2 million from the current BPA FY10 budget; preschedule \$3 million from the projects FY11 budget; and then this request of \$4,750,000 million. Over the last couple of weeks, the Regional HEP Team and the Northwest Habitat Institute have been conducting the CHAP survey on this property to determine the number of habitat units that will be protected through the acquisition of this conservation easement. The data analysis has not been completed, but it is expected any day.

BPA Recommendation:

BPA supports this request contingent upon agreement with the State of Oregon on both BPA's overall Willamette wildlife mitigation duty and the extent to which this project contributes against that debt. More details on the status of these discussions will be available at the time of the August 18, 2010 Council meeting.

Category 5

Project Number: 1983-350-00

Project Name: Nez Perce Tribal Hatchery Operations and Maintenance (O&M)

Contractor: Nez Perce Tribe

BPA-COTR: Jonathan McCloud

BPA Manager: Paul Krueger

Budget Year/Amount Requested: 2011 / \$320,000

Funding Type:

How does this project support a Biological Opinion? This project supports RPA's 62, 50 and 64 of the FCRPS BiOp.

Explanation of need: The Nez Perce Tribal Hatchery Operations and Maintenance (O&M) project is requesting additional funding for two manufactured homes (including setup, water, sewer, electrical, foundation, etc.). These would include metal roofs and hard board siding for longevity, and are modest in terms of housing.

Nez Perce Tribal Hatchery (NPTH) has sixteen permanent employees, two of which live in on-site housing – the Assistant Manager and a Tech III who are both Tribal members. Employees living on-site are provided housing in exchange for engaging in “standby” (being on-call during

off-duty hours to respond to and correct facility water or other emergencies). They also provide an on-site security presence, to prevent theft of hatchery equipment and adult salmon, and to prevent vandalism. A camp trailer was purchased for off-station staff to use at NPTH on a rotating basis as a temporary solution as well as to train technical staff in standby duties and provide some relief for the Assistance manager and Tech III until additional houses were constructed. Currently, eight employees at NPTH use the camp trailer during their assigned standby shifts. This causes a problem by means of morale, retention and recruitment of qualified staff.

BPA Recommendation:

Deferred (see letter from Bill Maslen to Bill Booth dated July 26, 2010), pending letter from the Nez Perce Tribe that describes their intention to revisit the commitment that they made via a letter from the Tribal Council to the BPA Administrator dated October 26, 2000, to pay for housing at the hatchery and not seek BPA funding for housing.

Wildlife Decisions:

Project Number: 1992-061-03

Project Name: Albeni Falls Wildlife Mitigation

Contractor: Idaho Department of Fish & Game

BPA-COTR: Lee Watts

BPA Manager: Paul Krueger

Budget Year/Amount Requested: 2010 / \$58,698

Funding Type: Expense

How does this project support a Biological Opinion? This project does not support a Bi-Op.

Explanation of need & decision: BPA approves this one-time only request for an additional \$58,698 in FY10 for the purchase of field equipment to plant trees, pump water, access areas where noxious weeds are present in between wetlands, spray noxious weeds, maintain access to managed areas, and to transport equipment to off-road areas. The sponsor miss-understood the Wildlife categorical review proposal form when asked for "capital equipment". They did not realize that this meant equipment under their expense contract. BPA will adjust the project budget consistent with the Council's recommendations in the Wildlife Categorical Review.

Project Number: 1995-057-03

Project Name: Southern Idaho Wildlife Mitigation--Shoshone-Paiute Tribes

Contractor: Shoshone-Paiute Tribes

BPA-COTR: Sandra Fife

BPA Manager: Peter Lofy

Budget Year/Amount Requested: 2010 / \$170,000

Funding Type: Expense

How does this project support a Biological Opinion? This project does not support a Bi-Op.

Explanation of need & decision: BPA approved the addition of \$170,000 to the FY10 budget to conduct operations and maintenance (O&M) on a newly acquired wildlife mitigation parcel, the Wilson Ranch. O&M activities include: start up operations on the ranch; conduct baseline fish and wildlife surveys; repair and maintain the boundary fences on the property; clean up debris left by previous owner; maintain the existing facilities; maintain the improvements on the Forest Service allotment; and develop a management plan over the next 12-18 months. This responds to Council/ISRP recommendations for addressing programmatic issues associated with

land management planning for wildlife conservation lands. Continued future funding will be contingent on plan completion over the next 12 to 18 months. BPA will adjust the project budget consistent with the Council's recommendations in the Wildlife Categorical Review.

Summary

In summary, the total of expense funding requested in this letter is \$699,285 and \$15,815,105 in Capital funding. We believe these projects are consistent with priorities identified during previous Council provincial reviews and/or other BPA and Council discussions.

Please feel free to contact the associated manager for each project at 503-230-5000 or me at 503-230-5549 for further information or if you have any questions.

Sincerely,

/s/

William C. Maslen
Director for Fish and Wildlife