

Tom Karier  
Chair  
Washington

Frank L. Cassidy Jr.  
"Larry"  
Washington

Jim Kempton  
Idaho

Judi Danielson  
Idaho



Joan M. Dukes  
Vice-Chair  
Oregon

Melinda S. Eden  
Oregon

Bruce A. Measure  
Montana

Rhonda Whiting  
Montana

September 15, 2006

## MEMORANDUM

**TO:** Council Members  
Interested Parties

**FROM:** Patty O'Toole  
John Shurts

**SUBJECT:** FY07-09 project review process: Council's draft funding recommendations:  
province projects and issues

Associated with this memorandum are the tables (in Excel spreadsheet form) that contain the Council's draft project funding recommendations to Bonneville for FY07-09 for all the ecological provinces.

The purpose of this memo is to explain for reviewers and commenters a couple of points about the project tables and the comments embedded in the tables, and to highlight a few issues the Council had to grapple with in deciding on a draft funding recommendations, organized per province. These are issues derived especially from the final ISRP report, the expense to capital transition resulting from Bonneville's clarification of its capital policy, Bonneville's preliminary in lieu ratings of new proposals, the Council's step review process, and so forth.

**Note of explanation concerning the ISRP Final Report:** The draft funding recommendations reflect the Council's consideration of the recommendations and comments in the ISRP's final report, including the following:

**Not Fundable.** For projects the ISRP rated as Not Fundable, in most cases the local review groups and then the Council are recommending no further consideration. The Council is recommending continued funding for a handful of projects in his category, noted below within the comments on the appropriate province.

**Fundable in Part/Fundable (Qualified).** In every province there are one or more projects that received ISRP recommendations of Fundable in Part or Fundable (Qualified), in some provinces substantial numbers. The Council's draft recommendations deal with these

projects in comments in the comment field of the project tables that are responsive in some way to the ISRP comments. These includes comments such as to address the ISRP concerns during contracting; or to fund only certain specified elements as per the ISRP recommendation; or, to fund only after favorable ISRP and Council review of a revised proposal addressing the ISRP comments; or, to fund completion of planning and design with implementation conditioned on favorable ISRP and Council review; or, to address ISRP concerns in next annual report of results to Bonneville; or, ISRP concerns addressed through programmatic recommendations, such as the draft programmatic recommendations on the Council's approach to monitoring and evaluation; and so forth. These issues and responses are quite project specific. They are not called out further in this memo.

**Note of explanation concerning programmatic issues and recommendations:** At a number of places in the comments that follow, and in the comments in the comment field in the tables, there are references to *programmatic* issues and recommendations, including programmatic recommendations related to monitoring and evaluation, "in lieu" concerns, capital funding, wildlife o&m, step review, and so forth. The discussion of these issues may be found in the separate document posted on the website, the draft decision document with the programmatic issues and draft recommendations in Section 3.

## Mountain Columbia

### 1. Two projects rated Not Fundable by ISRP.

Hungry Horse Mitigation (199101901): Council's draft recommendations condition funding on a favorable ISRP and Council review of revised proposal. Submit revised proposal by December 2006.

Secure and Restore Resident Fish Habitat (200200300): Council's draft recommendations condition funding on Council review and approval of revised proposal, with improved selection criteria and objectives. Submit revised proposal by December 2006.

**2. Subbasin plan development.** Council's draft recommendations include two projects to develop subbasin plans in two basins that did not develop subbasin plans in the recently concluded subbasin plan process, for the Blackfoot (200723500) and Bitterroot (200726500) subbasins, with funding limited to two years. Develop the subbasin plans using the subbasin plan guidance documents used for the initial subbasin planning effort. Otherwise, no projects recommended in basins without subbasin plans.

**3. In lieu.** Bonneville labeled one new project -- a genetic marker project (200721800 -- IDFG) as a significant in lieu concern. The Council deleted this project from the local group's prioritized list in deciding on the draft funding recommendations.

### 4. Step review:

Hungry Horse Mitigation (199101903): Funding in FY-09 for the work elements associated with Sekokini Springs Natural Rearing Facility and Educational Center are dependent upon a favorable Step review; deliver Master Plan by end of FY2007.

Kootenai River native fish restoration (198806400) - Expansion for sturgeon and burbot dependent upon favorable Step review; deliver Master Plan delivered by July 20, 2007.

## **Intermountain**

### **Artificial production issues**

**Lake Roosevelt White Sturgeon Conservation Hatchery (200737200) -- ISRP Not Fundable.** Artificial production proposal triggering step review if the Council decides to continue consideration of this project. Condition funding on favorable step review.

**Kokanee production -- review workshop/step review.** The ISRP rated a number of the production projects as Fundable in Part, raising concerns about kokanee production. Spokane Tribal Hatchery (199104600); Sherman Creek Hatchery (199104700); Chief Joseph Kokanee Enhancement (199501100); and Ford Hatchery (200102900). Council draft recommendations ask the sponsors to hold a review workshop on kokanee production with the ISRP as soon as practical. Continue funding for other elements; funding for kokanee in out years dependent on outcome of workshop to address ISRP concerns. Also, the artificial production elements of the Chief Joseph Kokanee Enhancement project trigger the step review process.

**Kalispel resident fish program -- largemouth bass production (199500100).** ISRP Fund in Part. ISRP recommended not funding the rearing and release of bass. As the ISRP noted, the panel has made this same recommendation in the past, for the same reasons. The Council closely considered this recommendation in the past and decided to accept the risks of going forward. Hold the course.

## **Columbia Cascade**

### **Step review of artificial production**

Chief Joseph Hatchery (200302300) -- Continued funding conditioned on moving through step review. Address issues raised by the ISRP as part of the step 1 review (ISRP Document 2005-02) and the FY2007-2009 review in the step 2 submittal. [date to submit?]

Okanogan summer steelhead (200721200) -- Continued funding conditioned on favorable step review.

## Upper Snake

**ISRP Not Fundable.** Shoshone-Bannock element of Southern Idaho Wildlife Mitigation project (199505702). Response required to ISRP; funding conditioned on favorable review by ISRP and Council. (*See* also programmatic issue on wildlife o&m.)

## Middle Snake

**1. ISRP Not Fundable (also capital and in lieu concerns).** Land acquisition proposal in Malheur subbasin (200717100). Also, Bonneville will have concerns about funding acquisition out of capital as recommended in local group prioritization, as the proposal is acquire fish habitat, and no crediting mechanism exists yet for this type of project. (*See* capital issue in decision document.) And Bonneville has also labeled this project as raising serious in lieu issues. Another Malheur acquisition project (200717100) has similar capital and in lieu problems, and received a Fundable in Part.

**2. In lieu.** Five new project proposals in draft recommendations received Bonneville preliminary determinations of in lieu. *See* programmatic recommendation on in lieu issues.

## Mountain Snake

**1. ISRP Not Fundable: Redfish Lake Sockeye projects.** ISRP recommended calling an end to these projects not for technical deficiencies in project itself but instead on the basis that the trends in the sockeye population indicated little or no likelihood of long-term success in recovering population. Council draft funding recommendation is to continue; project funding process not the place to call the regional question on whether to give up on this population.

**2. Expense to capital.** Bonneville's clarified Bonneville capital policy will allow for capitalization of elements of screening project (199401500). Need to confirm amount to shift, and amount to leave in expense. With expense amount freed up, Council's draft recommendations include Idaho's recommendation to fund Dworshak resident fish mitigation project (200700300).

## **Blue Mountain**

### **Grand Ronde subbasin**

**1. NEOH (198805301).** In May 2006, the Council recommended the final design and construction (Step 3) costs associated with the Northeast Oregon Hatchery (NEOH). While the Council approved the final designs and recommended that Bonneville fund the construction of the facilities, it conditioned the approval with the understanding that the projects associated with NEOH annual costs, including o&m and m&e, would be addressed through the FY07-09 prioritization process in the Blue Mountain Provincial budget. The local review group did not recommend funding for the comprehensive m&e proposal reviewed as part of the step review process (with an FY07-09 request of approx \$2 million per year); it did recommend continued funding of production m&e at approx the current level and scope. The ISRP's favorable recommendation for the project appears to be in part based on the grander m&e effort. Without that, ISRP recommends at most construction of the weir element to further the project's ability to monitor. The Council's draft recommendations address these concerns largely through the proposed programmatic issue concerning interim funding for m&e and m&e review, especially hatchery supplementation m&e.

**2. Hatchery supplementation m&e.** Besides the NEOH project above, the ISRP raised similar issues about m&e for a number of the Grande Ronde supplementation projects (198800702, 199800703 and 199800704). *See* the programmatic approach to m&e and supplementation M&E in the decision memo.

### **Snake Hells Canyon subbasin**

**ISRP Not Fundable -- Pittsburgh Landing Fall Chinook Acclimation (199801005).** ISRP rated this Not Fundable on m&e grounds, because of weaknesses in associated m&e. The local review group and then the Council in its draft funding recommendations recommend going forward without the m&e component of associated project 199801004.associated, as a lower priority on a tight budget. The issue for the Council has been whether and when to go forward with an on-going acclimation project without associated m&e, a matter that will be at least partly addressed by the programmatic issue on hatchery supplementation m&e.

## **Columbia Plateau**

### **John Day subbasin**

**Expense to capital.** Capital portion of projects with passage elements shifted to capital per Bonneville clarification of capital policy. Council draft recommendations included projects elevated from local review groups prioritization to take up available expense allocation.

### **Umatilla subbasin**

**ISRP Not Fundable (Qualified) and Fundable (Qualified).** Most of the habitat, production, o&m and m&e projects in the Umatilla received these ratings from the ISRP based on comments from the ISRP that projects in the subbasin need a thorough review of how they work together (in a basin with a subbasin plan ISRP approved of). ISRP does not appear to recommend limiting funding at this time, but strongly recommending review. Council's draft recommendations call on the project sponsor to work with the Council and others to structure a Council/ISRP review of the subbasin effort in the Umatilla at some point in the next year or two, a review that might also be useful for insights into things the Council needs to accomplish in next program amendment process.

### **Walla Walla subbasin**

**Expense to capital.** Bonneville indicates it may be able to shift one or more of the passage and flow projects in this subbasin (199601100, 200203600, 20073300) to capital, but no confirmation yet. The Council's draft recommendations continued to show projects as funded from expense, awaiting confirmation from Bonneville of a shift to capital. If that confirmation occurs, the Council will then consider how to allocate available expense money.

### **Tucannon/Lower Snake/Lower Middle subbasins**

**ISRP Fundable (Qualified) -- habitat m&e.** Tucannon stream and riparian protection project (199401806) and lower Snake habitat project (199401807) received qualified recommendation raising programmatic habitat m&e issue to be addressed in decision memo.

### **Yakima subbasin**

**1. YKFP review.** ISRP seeks an organized funding review of the various YKFP pieces in the Yakima. The Council's draft funding recommendation calls on the sponsor to consider adapting and using the annual Yakima project review be adapted to this end. ISRP associated a number of Fundable (Qualified) ratings with these comments, but not in expectation that funding be put on hold pending the review.

**2. YKFP -- step review/master plan for fall chinook and coho elements.** Master Plan and step review is needed for fall chinook and coho elements of the YKFP project.

**3. Expense to capital.** Council's draft recommendations reflect that a couple of projects are on Bonneville's clarified list of projects that may be eligible for capitalization: YTAHP (200202501) and Manastash passage and screen project (200300100).

**4. ISRP Not Fundable (Qualified) -- water acquisition project.** Manastash Instream Flow Enhancement project (200702000) received ISRP rating in part due to concerns over m&e. Address in part through programmatic comment on habitat project m&e, but also address through effort to fund through water acquisition brokerage project if possible. If possible, shift funds to Manastash passage and screen project noted above.

**5. Land acquisition fund.** Consider funding Cowiche restoration acquisition (200711300) out of land acquisition element of NFWF acquisition brokerage.



## Columbia Gorge

### Hood subbasin Fifteenmile subbasin

**1. Habitat project m&e -- ISRP Fundable in Part/Fundable (Qualified).** In both subbasins (and in many others throughout the provinces), a number of habitat projects received ratings of Fundable in Part or Fundable (Qualified) based on perceived deficiencies in the m&e elements, especially for deficiencies in ability to show project results in terms of direct benefits to fish or in terms of how project actions (such as riparian buffers) are having a positive effect on stream characteristics (such as temperature). These comments squarely presented the dilemma in which the ISRP differs with the overall approach to habitat project m&e Council is tending toward. Council's draft funding recommendations address in a programmatic policy recommendation to that end.

**2. Expense to capital transition in Hood.** Council draft funding recommendations reflect that capital portion of projects with passage elements may shift to capital per Bonneville clarification of capital policy.

### Klickitat subbasin

**1. YKFP projects -- step review.** A number of YKFP projects in particular received Funding in Part and Qualified ratings. Artificial production funding should be conditioned on step process and favorable step reviews.

**2. In lieu.** mud snail project (200703200) has preliminary in lieu concerns.

## Lower Columbia

**In lieu.** North Fork Toutle passage project (200703700) has preliminary Bonneville in lieu concerns. *See* programmatic discussion of in lieu concerns.

## Estuary

**SAFE (199306000).** Funding conditioned on the sponsors completing their submission of information to the ISRP and IEAB to address the biological and economic issues raised in the recent ISRP/IEAB joint review (ISRP and IEAB Document 2005-8), and on a favorable economic review of that information by the IEAB within one year.

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