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January 7, 2009

## MEMORANDUM

**TO:** Fish and Wildlife Committee Members

**FROM:** Mark Fritsch, project implementation manager

**SUBJECT:** Quarterly Review of Within-year Project Funding Adjustments for Implementation

### PROPOSED ACTION

At your meeting in January, Council staff will review the schedule and timeframe associated with the funding adjustment requests for the second quarter of Fiscal Year 2009. This agenda item will be for review and discussion only and no committee action is requested. After an opportunity for comment, these requests will come back to the committee and Council for a decision at the February meeting.

### BACKGROUND

In 2004, Bonneville and the Council formed a budget oversight group (BOG) to conduct a budget tracking process. A principle 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 the available funding in the current fiscal year project budget. This process also includes a public comment period.

Of the nine requests reviewed by the BOG during the second quarter of Fiscal Year 2009, eight requests will need a decision in February. As outlined in the attached table (see Attachment 1), one request was denied by the BOG (i.e., was determined to be a reschedule). None of the requests triggered the threshold adjustment as part of the budget-tracking process.

On January 5, 2009, the Council received a letter from Bonneville summarizing the within-year requests being considered during the second quarter of Fiscal Year 2009 (see Attachment 2).

The requests are categorized by category (1 - 5) per the BOG review. Based on staff review and comment received, the staff will bring to the committee and the Council a recommendation at the August meeting.

**Attachment 1: Within-year project funding adjustments received as part of the first quarter of Fiscal Year 2009.**

| Category   | Project #   | Project Title   | Sponsor                           | FY 2009 Budget (BPA)  | Request 2009          | Status                         |
|------------|-------------|---|-----------------------------------|-----------------------|-----------------------|--------------------------------|
| <b>3a</b>  |             |   |                                   |                       |                       |                                |
|            | 2007-251-00 | UPA Project - Methow Valley Irrigation District East Diversion Dam Replacement          | Methow Salmon Recovery Foundation | \$23,840              | \$216,000             | February Decision              |
|            |             |   |                                   |                       |                       |                                |
| <b>3b1</b> |             |   |                                   |                       |                       |                                |
|            | 2000-036-00 | Protect & Restore Mill Creek  | NPT                               | \$300,000             | \$ 0, scope           | February Decision              |
|            |             |   |                                   |                       |                       |                                |
| <b>3b2</b> |             |   |                                   |                       |                       |                                |
|            | 1982-013-04 | Coded Wire Tag - WDFW   | WDFW                              | \$271,266             | \$44,636              | February Decision              |
|            | 1987-127-00 | Smolt Monitoring By Non-Federal   | PSFMC                             | \$2,240,808           | \$124,968             | February Decision <sup>1</sup> |
|            | 1993-056-00 | Research to advance hatchery reform, including captive broodstocks                      | NOAA Fisheries                    | \$200,000             | \$297,891             | February Decision              |
|            | 1989-096-00 | Genetic Monitoring of Snake River Chinook Salmon and Steelhead                          | NOAA Fisheries                    | \$391,425             | \$69,075              | February Decision              |
|            |             |   |                                   |                       |                       |                                |
| <b>4</b>   |             |   |                                   |                       |                       |                                |
|            | 1995-057-00 | S Idaho Wildlife Mitigation   | IDFG                              | \$2,500,000 (capital) | \$3,500,000 (capital) | February Decision              |
|            |             |   |                                   |                       |                       |                                |
| <b>5</b>   |             |   |                                   |                       |                       |                                |
|            | 2008-007-00 | UCUT M&E Program  | Upper Columbia United Tribes      | \$0                   | \$68,469              | February Decision              |
|            | 2007-170-00 | South Fork Snake River Yellowstone cutthroat trout recruitment and survival improvement | IDFG                              | \$255,000             | \$ 0                  | BOG Denied                     |

<sup>1</sup> This request had been raised to the BOG Management Group for a January decision, but was found not to warrant any urgent treatment and therefore will remain as part of this quarterly review.

**Attachment 2: Letter received on January 5, 2009 from Bonneville regarding within-year funding adjustments associated with the Quarterly Review.**



**Department of Energy**

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

ENVIRONMENT, FISH AND WILDLIFE

January 5, 2009

In reply refer to:

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 recently conducted the Fiscal Year (FY) 2009 first quarter review of within-year budget and/or scope modification requests. Through this process, we are now initiating the 14-day public comment period on these requests. Bonneville Power Administration (BPA) will consider any public comments received by January 22, 2009, before developing our tentative decisions which will be discussed at the February Northwest Power and Conservation Council (Council) Meeting. BPA is providing a synopsis of all requests by the sponsors below.

The BOG process incorporates the following criteria to categorize the project requests:

**Category**

- 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; imminent threat to human health or safety.
- 2. ESA Commitment of BPA** - A new or ongoing project that directly implements actions committed to by the Action Agencies to implement biological opinions. New projects will be reviewed by the Independent Scientific Review Panel (ISRP), BPA and the Council prior to BPA funding.
- 3. 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:

- a. Jeopardize the performance of the entire project; or
- b. Jeopardize the performance of a discrete task or objective of the project causing:
  - 1. Adverse biological consequences to the project; or
  - 2. The loss of monitoring and evaluation data;

**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 requested budget increase and associated work is not approved. "Lost opportunity" constitutes a highly scrutinized status and does not necessarily constitute an automatic approval.

**5. Other** - Any project not deemed by the BOG to fall into the four categories defined above. The loss of capability to administer the project also falls into this category. Examples of this type of request might include a cost-of-living increases or increases in indirect rates. Because these costs should be addressed through project contracting, it is unlikely that these projects would receive a high priority in the quarterly review process.

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## Project Funding Requests

### **Category 3a**

**Project Number:** 2007-251-00

**Project Name:** UPA Project - Methow Valley Irrigation District East Diversion Dam Replacement

**Contractor:** Methow Salmon Recovery Foundation

**BPA-COTR:** Cecilia Brown

**Budget Year/Amount Requested:** 2009 / \$216,000

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** The Methow Valley Irrigation District East Diversion Dam Replacement project is requesting additional funds to implement an improved project scope and design. The two primary objectives of this project are: (1) to construct a stable irrigation diversion that will eliminate the need for MVID irrigators to maintain the irrigation diversion by operating heavy equipment in flowing water and; (2) to modify the fish return so that it functions 100% of the time (currently functions 95% of the time). The original BOR design contained a large wasteway and large amounts of riprap and failed to address the second objective.

BOR convened a multi-agency Value Engineering study in October 2008 to develop alternate proposals. The VE group developed the following modified proposal: (1) Extend the existing wing dam upstream by approximately 250 feet to capture flows from the thalweg; (2) install a pipe in the open wing dam channel and backfill it to allow the irrigator to perform maintenance from the river bank; (3) lower the floor of the inlet channel in front of the headgates to create a sediment catchment before it enters the irrigation canal; (4) install a culvert in the wasteway to sluice accumulated sediment from the sump; (5) replace existing 50-year-old head gates; (6) construct a rock grade control structure at the upstream end of the wing dam for upstream erosion control and downstream scour; and (7) modify the existing fish return to function at 100% of operational flows.

The project scope as originally anticipated would not meet project objectives or agency regulatory requirements for protecting listed fish from entrainment. Deferral of construction would result in higher costs and ongoing disturbance of the riverbed.

**Category 3b1**

**Project Number:** 2000-036-00

**Project Name:** Protect & Restore Mill Creek

**Contractor:** Nez Perce Tribe (NPT)

**BPA-COTR:** David Kaplowe

**Budget Year/Amount Requested:** 2009 / \$0 (scope change)

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** The Protect & Restore Mill Creek project is requesting a change in scope. Due to a series of catastrophic landslides that occurred in May of 2008, a significant stretch of Mill Creek was buried in debris and the channel was pushed against an adjacent road. In order to remove the debris from the floodplain and channel, and place the channel back in its natural location, a few specific work elements will be required that were not explicitly mentioned in the project proposal. This request is to include floodplain enhancement, stream channel realignment and in-stream habitat complexity restoration work elements in the 2009 contract statement of work.

The original proposal contains riparian re-vegetation and culvert replacement work elements. The project as it currently exists does not include the work elements required to restore this section of Mill Creek as a result the catastrophic event. No additional funds are being requested, and the geographic area has not changed. The request is only to add these specific floodplain and stream channel restoration work elements to address the problems caused by the landslides.

**Category 3b2**

**Project Number:** 1982-013-04

**Project Name:** Coded Wire Tag - WDFW

**Contractor:** Washington Department of Fish & Wildlife (WDFW)

**BPA-COTR:** Jamie Swan

**Budget Year/Amount Requested:** 2009 / \$44,636

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** The Coded Wire Tag (WDFW) project is requesting additional funds to cover the increase cost of purchasing CWT supplies. The FY09 budget was decreased based on BPA's in lieu decision. Due to decreased funding in FY09 WDFW had to decrease their tagging effort by 27%. Additional discussions are scheduled to take place to discuss the CWT program.

**Category 3b2**

**Project Number:** 1987-127-00

**Project Name:** Smolt Monitoring By Non-Federal

**Contractor:** Fish Passage Center/PSMFC

**BPA-COTR:** David Roberts

**Budget Year/Amount Requested:** \$124,968

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** As discussed at the Council meeting in December, the Smolt Monitoring by Non-Federal project is requesting additional funds to purchase supplies and equipment (mainly MS-222 and PIT tags); repair screens and traps; cover agency mandated increases in personnel benefits; fund an additional needed position at Little Goose Dam and upgrade computer hardware required at four sites to facilitate a new standardized remote data entry program. Requested increases and rationale are bulletized below:

After reductions in other line items the following is a breakdown of the required increases by site for the Non-Federal component of the SMP:

**Grande Ronde trap-** \$25,778 - required trap repair, supplies, equipment (\$6,703); increases salaries, benefits, and overhead mandated by the state (\$10,053); and required PIT tag purchase (\$9,022).

**Lewiston, Salmon River Traps –** \$27,667 – required PIT tag purchase (\$27,113); increases to salaries and benefits mandated by the state (\$554).

**Lower Granite -** \$5,713 – supplies & equipment, MS-222 (\$4,456); increases to salaries, benefits mandated by the state (\$1,257).

**Little Goose -** \$30,225 – increases to salaries, benefits and overhead. One additional biotech is required at Little Goose to allow the daily sample to be processed within the allotted time period. The change at Little Goose is required because more fish are sampled at Little Goose than occurred in past years prior to the installation of the RSW at Lower Granite Dam, which has increased fish in the sample at Little Goose (\$28,619). Hardware upgrades are required for the new remote data entry program (\$1,606).

**Lower Monumental -** \$4,625 – increases to supplies and equipment (\$3,019); hardware upgrades (\$1,606).

**McNary -** \$11,445 – increases to required supplies and equipment, mostly MS-222 (\$6,066); travel (\$572); and increases to salaries, benefits mandated by the state (\$4,807).

**Rock Island -** \$12,688 – required PIT tag purchase (\$10,785); and increases to salaries, benefits and overhead mandated by the state (\$1,903)

**John Day -** \$1606 - Hardware upgrade for new remote data entry program.

**Bonneville -** \$1606 - Hardware upgrade for new remote data entry program.

**Category 3b2**

**Project Number:** 1993-056-00

**Project Name:** Research to advance hatchery reform, including captive broodstocks

**Contractor:** NOAA Fisheries

**BPA-COTR:** Greg Baesler

**Budget Year/Amount Requested:** 2009 / \$297,891

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** The Research to Advance Hatchery Reform (including captive broodstocks) project is requesting additional funds to complete studies that were initiated in FY 07 and FY 08. The hatchery reform objectives described in this project cannot be met without the requested funding. The sample analyses requested in this modification were deferred when the budget was reduced from \$1.0M in FY07 to \$0.5M in FY08; the FY 09 budget is currently \$200K. Following through on the \$1.5M investment made by BPA to this point requires restoration of funding to complete sample analyses and reporting. The 2008 BiOp calls for BPA to implement Hatchery Scientific Review Group recommendations for hatchery reform throughout the Basin. This project provides empirically-based guidance on hatchery reform by solving biological uncertainties in hatchery practices that the HSRG is unable to address. Research results will be presented as recommendations for best management practices, which are a key component of the 2008 BiOp.

**Category 3b2**

**Project Number:** 1989-096-00

**Project Name:** Genetic Monitoring of Snake River Chinook Salmon and Steelhead

**Contractor:** NOAA Fisheries

**BPA-COTR:** Wynn Avocette

**Budget Year/Amount Requested:** 2009 / \$69,075

**Funding Type:** Expense

**Does this project support the BiOp?:** Yes

**Sponsor's explanation of need:** The Genetic Monitoring of Snake River Chinook Salmon & Steelhead project is requesting additional funds to avoid delays in genotyping, analysis and reporting goals. The additional funds will allow this work on an additional 1,727 fish. Data is needed in real time to evaluate the genetic effects of different artificial propagation protocols and hatchery reforms, including, for example, transition from captive brood stock to conventional stocks in northeast Oregon. Although samples are collected consistent with the original design, the partners (tribes and states) will not get data in a timely manner until the samples can be analyzed, either in NOAA's lab or another.

**Category 4**

**Project Number:** 1995-057-00

**Project Name:** Southern Idaho Wildlife Mitigation

**Contractor:** Idaho Department of Fish & Game (IDFG)

**BPA-COTR:** Dorie Welch

**Budget Year/Amount Requested:** \$3,500,000

**Funding Type:** Capital

**Does this project support the BiOp?:** No

**Sponsor's explanation of need:** The S. Idaho Wildlife Mitigation project is requesting additional funds to acquire a conservation easement on approximately 25,000 acres outside of Hailey, Idaho. The easement is estimated to cost approximately \$8 million. IDFG's current FY09 budget is \$2.5 million. The Nature Conservancy, who is partnering with IDFG to acquire the easement, is providing approximately \$2 million in cost share towards the purchase of the easement. Therefore, IDFG is requesting an additional \$3.5 million to complete the acquisition. The easement covers shrub steppe, riparian, and wetland habitats and would partially mitigate for the wildlife habitat losses associated with Anderson Ranch, Palisades, and Minidoka dams.

**Category 5**

**Project Number:** 2008-007-00

**Project Name:** UCUT M&E Program

**Contractor:** Upper Columbia United Tribes (UCUT)

**BPA-COTR:** Lee Watts

**Budget Year/Amount Requested:** 2009 /\$68,469

**Funding Type:** Expense

**Does this project support the BiOp?:** No

**Sponsor's explanation of need:** The UCUT M&E Program project is requesting additional funds to implement full project start up, hire the field crew and provide oversight. The objectives are to determine reference sites, permanent sample sites and collect data for lands owned by the five UCUT member tribes for wildlife mitigation. The data collected and information obtained will aid wildlife land managers in the development and implementation phases of wildlife management plans. The five Tribes of UCUT are currently contributing 5% from their 2009 wildlife contracts to support this project.

**Summary**

In summary, the total expense funding requested by project sponsors is \$821,039; the total of capital funding requested is \$3,500,000. Please feel free to contact either Greg Dondlinger at 503-230-5065 or me at 503-230-5549 for further information or if you have any questions.

Sincerely,

/s/

William C. Maslen  
Director of Fish and Wildlife