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May 9, 2017

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Tony Grover

SUBJECT: Update on Cost Savings Workgroup activities

BACKGROUND:

Presenters: Tony Grover, Bryan Mercier (Bonneville) and staff

Summary: At the fish and wildlife committee staff will brief the members on the Cost Savings Workgroup meeting scheduled for May 11, 2017. On the Workgroup's agenda is: a quarterly report from Bonneville on potential savings using the mechanistic approach¹; next steps in the process for the Sturgeon [Request for Information](#) (see separate decision memo); program areas to consider for spending savings (e.g. lamprey, white sturgeon and other); and current thinking on potential policy reviews of a small group of related projects.

Relevance: The cost savings workgroup implements the language on page 116 of the 2014 Fish and Wildlife Program: '*Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program...*'

Background: Council member Anders chairs the cost savings workgroup, which is composed of Bryan Mercier, Peter Cogswell, and Scott Donahue of BPA and Kerry Berg, Lynn Palensky, Laura Robinson and Tony Grover, all Council staff. The cost savings workgroup initially developed a cost savings methodology, which was approved by the Council at the regular

¹ "The workgroup will annually compile and analyze the quarterly reports and the comments received to inform the Council in its consideration of project close-outs and cost reductions. The process should be done in a way that works within Bonneville's budget and contracting constraints, and should commence in February of each year..."

July 2015 meeting in Spokane. Additional information about the cost savings workgroup and the [methodology](#) can be found on the Council's website, including a 'frequently asked questions' document that explains what the cost savings workgroup does and how it goes about identifying and vetting potential cost savings.

At the March and May 2016 Fish and Wildlife Committee meetings, five projects were identified by the CSW as sources for a total of \$651,915 in cost savings that would be available in FY 2017.

To date the Council has recommended to BPA the use of \$140,000 of the identified cost savings for a habitat assessment above Chief Joseph dam (\$100,000) and for Lake Roosevelt northern pike suppression efforts (\$40,000). The Council agreed to allocate \$200,000 of cost savings to address mission critical operation and maintenance infrastructure work at Bonneville funded hatchery programs. Somewhat more than \$310,000 of cost savings remains to be allocated.

As previously described, BPA has created a reserve fund for cost savings in FY 2017. The availability of funds is dependent on: (1) the spending trajectory within the FY18/FY19 rate period, and (2) developing a process to reallocate funds to other priorities. However, right now, the CSW anticipates additional funding from close-outs to become available in FY 2018 and 2019 beyond the \$651,915 FY2017, as referred to above.