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June 26, 2003

Ms. Therese Lamb
Acting Vice President
Bonneville Power Administration
P.O. Box 3621; EFW
Portland, Oregon 97208

Dear Ms. Lamb:

On June 11th, at its Boise meeting, the Council adopted funding recommendations for the Mainstem/Systemwide projects group. The Council's project funding recommendations cover the Fiscal Year 2004 through 2006 period. The attached Table 1 identifies the projects that are recommended for Bonneville funding, and their associated phased budgets are provided. The projects identified in "Tier 1" of the table are recommended for funding at this time. The projects in "Tier 2" are projects that should be considered for funding on equal basis with other basinwide proposals if additional funding becomes available in the future.

I am also attaching to this letter the memorandum that the staff provided to the Fish and Wildlife Committee and Council at the Boise meetings. That memorandum explains the basis for the funding allocation developed for the Mainstem/Systemwide projects, the process used to prioritize candidate proposals, the criteria used in the prioritization, and project-specific discussions for the treatment of many of the candidate proposals.

The Council is well aware that shortly after the Council decision, some Bonneville staff, you included, expressed concern that an alternative package of project proposals forwarded by Bonneville was not adopted. However, before discussing the differences between the Council's funding decisions, and the Bonneville alternative proposal, I want to generally discuss the substantial agreement first.

The alternative package advanced by Bonneville is consistent with much of what the Council recommends in its Tier 1 recommendation. For example, there are only seven projects recommended for funding by the Council that would not be funded in Bonneville's

alternative. Those seven projects total approximately \$2.74 million dollars in Fiscal Year 2004. So, out of a \$31 million dollar Council funding recommendation, less than 9% was not identified as supported for funding in Bonneville's alternative.

Further, the Council and Bonneville agree on the importance of balancing critical biological opinion needs in the Mainstem/Systemwide group with maintaining support for the broader core program. Bonneville's Phase 1 criteria and the Council's prioritization considerations (see the Section II B. of the attached memo) match up very well. The Council's Tier 1 funding recommendation includes 35 projects. Of those, BPA and NOAA rated 27 of as "critical" to Biological Opinion implementation through 2005. The Council has also reserved \$1.8 million in its Tier 1 recommendations to fund projects responding to critical Biological Opinion "gaps" (Request for Studies Proposals) that are now completing ISRP review. The Council recommendation also supports key projects and programs for other non-listed species such as white sturgeon and lamprey in the Columbia River, and Hanford Reach fall chinook, and important program support projects such as Streamnet and the Columbia Fish and Wildlife Authority. The Council is confident that it struck the appropriate balance in consider ESA needs and the broader goals of the Northwest Power Act.

The Council hopes that Bonneville will acknowledge the great amount of consistency its decision enjoys with Bonneville's comments and proposals. The Council also expects Bonneville and others to carefully and objectively consider the reasons that not all of the proposals advocated for by Bonneville could be supported as this process moves to the next steps.

There are areas of disagreement between the Council decision and Bonneville's alternative. As was discussed in both the Fish and Wildlife Committee and Council meetings in Boise, the Council did not adopt the Bonneville alternative for two equally important, but distinct reasons that were discussed at length during the meetings. First, the Council considered each project proposal supported by Bonneville that was not included in the "Tier 1" group that was recommended by the staff, and then Fish and Wildlife Committee to the Council, and determined that it should not be recommended for funding for one or more of the following reasons:

- Redundancy -- the new project proposal is for work or investigations to address RPA's that are already being addressed with ongoing projects recommended in prior provincial reviews or new projects that are recommended in Tier 1.

The Council believes that Bonneville's Biological Opinion requirements can and should be integrated with its fish and wildlife program obligations for many reasons, not the least of which is to achieve cost-effectiveness and to foster efficiency. This has been a fundamental theme of the Council through all of the provincial reviews. At a project level, the application of the principle is to see if a Biological Opinion requirement (or RPA) is or can be addressed by an existing fish and wildlife program project -- *only if the answer is "no" would a new additional project be initiated.*

Throughout the Mainstem/Systemwide provincial review the Council staff emphasized this point in the many meetings and discussions with Bonneville, NOAA, and proposal sponsors. On May 27th, the Council staff advised Bonneville, NOAA and project sponsors of the specific project proposals that would not be recommended for funding by the staff because they related to RPAs already addressed by other projects. Even with this project-specific list and notice, we have not had specific information or analysis contesting the staff “redundancy” findings. The Council and its staff are available to meet and discuss how this issue influenced the Council’s decision on a project-specific basis. The memorandum attached discusses this in some measure at the project level, but it was intended to be illustrative. We would be available to explain how the redundancy issue impacted each of the projects in the Bonneville alternative if that would be helpful.

- Not scientifically sound/minimal benefit likely -- the Independent Scientific Review Panel’s findings find that the proposals do not meet the minimum standards that all project proposals in the program must meet, or that while meeting those minimum standards, the proposal is unlikely to yield meaningful benefits.

This issue is critical to the Council. Projects that are declared by Action Agencies, NOAA or the USFWS to be necessary for ESA requirements must meet the same standards for scientific rigor as all other projects. The Council will not recommend a project simply because there is a “BiOp” designation made by someone participating in the process. Moreover, the Council is very concerned about an appearance that once a proposal is deemed as important for ESA purposes that it can have a different, more lenient scientific review process built for it, including expectations for multiple reviews of less formality than available to all other projects. The ISRP itself has raised this issue as a serious challenge to the integrity of the review process. Allowing projects to have multiple reviews with the ISRP, or requiring expedited review, or review with a limited information base raises serious equity and accountability questions.

This consideration had a large impact on that part of the Bonneville proposal that it identified as “Phase II”. Bonneville’s alternative included eight projects in Phase II at an approximate cost of \$39 million for the three-year period. Four of those projects were new, and declared as “critical” to meet the FCRPS Biological Opinion RPAs, but were rated as “Do Not Fund” by the ISRP (35048, 35016, 35020, and 35024). Three of these projects (35048, 35016, and 35020) *were subject to three reviews by the ISRP and were rated “Do Not Fund” in each case.* Even with the poor performance in the independent scientific reviews, the Bonneville alternative still proposes that these projects be prioritized for funding with funds that would be redirected from the other provinces. The Council could not recommend these projects.

Bonneville’s Phase II element also supported funding an ongoing NATURES study (199105500) did receive a “Fundable” rating from the ISRP, but was the subject of an extensive programmatic recommendation of the ISRP (ISRP 2002-14, pages 8-9). The ISRP advised the Council that NATURES applications will yield “relatively small” benefits, and

that it was questionable if the continuation of this project was warranted “given issues of best use of funds, the expected modest gains from this investment, and the information that will be available in the near term from other applications within and outside the program.” The Council’s decision would not have Bonneville make further investments here for the reasons clearly stated by the ISRP.

- Project should be funded by another entity -- the Council is not willing to have failed appropriations of other agencies be a ratepayer responsibility.

The Biological Opinion is vague in many instances about which Action Agency has the primary funding responsibility for an RPA. The Council criticized this infirmity and sought definition in its comments upon the first Action Agency Implementation Plan.

Unfortunately, this problem has not been corrected, and the result is that Bonneville and the ratepayers are asked to shoulder the costs of all RPAs where the other Action Agencies and/or NOAA fail in securing appropriations requests. Perhaps even worse, Action Agencies and NOAA are not prioritizing the funding that they do receive to these RPAs, leaving Bonneville to pick up the bill.

Bonneville and the Council share the objective of not using ratepayer funding to make up for the lack of appropriations for the responsibilities of other federal agencies. The approach in this particular provincial review seems inconsistent with the approach in past provincial reviews, such as in the Mountain Snake and Upper Snake River provinces, where Bonneville argued that other federal agencies (the Forest Service or Bureau of Land Management) should be funding work proposed in many of the candidate proposals, and that the inability of those agencies to secure appropriations and/or unwillingness to make the work a priority was not a sufficient basis for asking Bonneville to fund the projects. We disagreed with the application of Bonneville’s concern in those cases because those projects were proposed by fish and wildlife managers to conduct work associated with production objectives over and above the responsibilities of the land management agencies. The principle, however, remains and the case to be made for funding from others for these projects is even stronger in many ways. For example, Bonneville’s Phase I alternative would launch three new studies (35046, 35064, and 35065) that investigate the plume or near-shore ocean at a combined cost of over \$3 million in Fiscal Year 2004 only (with expanding budgets in the next two fiscal years). These new proposals are aimed at addressing RPAs 194, 196, and 197, each of which begins with the following language regarding the funding entity:

The Action Agencies and NMFS shall work within the annual planning and congressional appropriations processes to establish and provide the appropriate level of FCRPS funding for studies . . . (FCRPS 9-177, 179).

These RPAs clearly envision a broad and joint Action Agency and NMFS funding response, and *do not* make Bonneville the primary funding entity. Moreover, this language makes clear that NMFS (NOAA) is also to contribute to funding these types of investigations. The Council is aware that NOAA’s Fiscal Year 2003 request for Columbia River Biological

Opinion Implementation was \$12 million, and that it failed to secure any of that amount in the enacted budget. The failure to secure this funding is unfortunate, but it cannot simply lead to an expectation that Bonneville must fund work that this funding would have contributed to. NOAA is seeking \$11.6 million in Fiscal Year 2004 for Columbia River Biological Opinion implementation, and the disposition of that request and the prioritization of funds appropriated should be known before dedicating Bonneville funding to these projects.

The same situation applies to the work required by the FCRPS Biological Opinion regarding avian predation. RPAs 102, 103, and 104 call upon the *Action Agencies* to conduct (fund) this work. The Council believes that Bonneville funding has been robust and well-spent up to date on this work, but it is time for the Corps of Engineers and/or the Fish and Wildlife Service to take on the primary funding responsibility for these RPAs. Corps activities related to navigation created the habitat that has enabled the explosion of the Caspian tern population in the estuary, and the Fish and Wildlife Service is responsible for managing the terns. Future Bonneville funding should not be aimed at research, but at actual management actions to reduce predation as a form of off-site mitigation for hydrosystem impacts to anadromous fish.

The Council believes that it is time to call the question on this issue, and require the other Action Agencies and NOAA to fund some of the studies proposed in Bonneville's alternative package. If the Corps, NOAA or others are not in a position to fund the required work, ratepayer funds should not be thought of as a safety net. Rather, NOAA and the Action Agencies need to evaluate how not conducting these research initiatives does or does not materially alter the fundamental findings made by NOAA in issuing its FCRPS Biological Opinion.

The second reason that the Council could not accept Bonneville's alternative project proposal is because it was over-budget. Bonneville's alternative included a "Phase 1" set of projects that totaled approximately \$31 million -- the full allocation available for the Mainstem/Systemwide group. However, the alternative also included a "Phase 2" group that would require funding at an average additional \$12.9 million/fiscal year -- \$39 million more than the amount available for this three-year period. When the Committee and Council asked Bonneville representatives where an additional \$39 million would come from to fund its alternative, the responses were a stated hope that "efficiencies" could be found in the tributary projects that have already completed provincial reviews and been recommended by the Council. The Council's clear concern is that further reductions in already reviewed and approved tributary projects will be required and be rededicated to funding Bonneville's Mainstem/Systemwide projects package. In the end, the Council could not support an alternative that did not have a clear plan to augment the funding allocation available, and seemed to rely upon shifting funds from tributary projects in other provinces.

In conclusion, I know that the Council is pleased to have completed the first full provincial review cycle, and that it believes that its recommendations for the Mainstem/Systemwide group is a strong and cost-effective package. The Council encourages Bonneville to accept

Therese Lamb
June 25, 2003
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these recommendations as presented, and has asked that I request that if Bonneville believes any element of these recommendations cannot be accepted, that you will contact me in advance of a final decision with the objective of resolving any such difference. As mentioned above my staff and I, as well as Council members, are available to discuss our recommendations further with you or NOAA.

Sincerely,

Signed DM 6/26

Doug Marker
Director
Fish and Wildlife Division

Enclosures (5)

cc: Brian Brown, NOAA
Witt Anderson, CORPS
Bill Shake, USFWS
Rod Sando, CBFWA
Joseph Sharpe, BPA
Olney Patt Jr., CRITFC
Mary Verner, UCUT

Mainstem/Systemwide
FY 2004 - FY 2006
(Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	FY 2004 total	FY 2005 total	FY 2006 total	General Comments
1. Council Staff preferred projects that fit province allocation									
35019	Develop and Implement a Pilot Status and Trend Monitoring Program for Salmonids and their Habitat in the Wenatchee and Grande Ronde River Basins	NMFS	Urgent*	Fundable (Qualified)	2	1,515,000	1,515,000	1,515,000	Adjusted 060403 to reflect BPA revision to budget. As approved by the Council on May 7, 2003.
35033	Collaborative, Systemwide Monitoring and Evaluation Program.	CBFWA	Core Program*	Fundable	2	968,800	968,802	968,802	Check ties to overall CBFWA project (#1989-062-01) for any overlap.
198201301	Coded-Wire Tag Recovery Program	PSMFC	Core Program	Fundable	2	2,028,757	2,028,757	2,028,757	Reduce scope of objectives 1a, 1c, 1d, 3a, 6a and 7b to 2001 levels.
198201302	Annual Stock Assessment - Coded Wire Tag Program (ODFW)	ODFW	Core Program	Fundable	2	217,881	217,881	217,881	
198201304	Annual Stock Assessment - Coded Wire Tag Program (WDFW)	WDFW	Core Program	Fundable	2	319,137	319,137	319,137	
198331900	New Marking and Monitoring Techniques for Fish	NMFS	Urgent	Fundable	1	41,900	-	-	Project is R&D for capitol project 2001-003-00, planning and design should be capital, total reflects only expense portion
198712700	Smolt Monitoring by Federal and Non-Federal Agencies	PSMFC	Core Program	Fundable	1 (RPA N/A); 2 (RPA 180)	1,910,000	1,910,000	1,910,000	
198906500	Annual Stock Assessment - CWT (USFWS)	USFWS	Core Program	Fundable	2	119,268	119,268	119,268	
198909600	Monitor and evaluate genetic characteristics of supplemented salmon and steelhead	NMFS	Urgent	Fundable	2	593,900	460,500	460,500	
199007700	Northern Pikeminnow Management Program	PSMFC	Urgent	Fundable in Part	1	1,435,000	1,435,000	1,435,000	Effort divided into 2 zones, above and below the Dalles Dam. Alternate zones each year.
199008000	Columbia Basin Pit Tag Information System	PSMFC	Core Program	Fundable (Qualified)	1 (RPA 192); 2 (RPA 198)	2,431,442	2,431,442	2,431,442	Address ISRP concerns regarding metadata.

Mainstem/Systemwide
FY 2004 - FY 2006
(Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	FY 2004 total	FY 2005 total	FY 2006 total	General Comments
199009300	Genetic Analysis of <i>Oncorhynchus nerka</i> (modified to include chinook salmon)	UI	Urgent	Fundable	2	126,436	126,000	98,000	Link to programmatic captive broodstock issue.
199302900	Estimate Survival for the Passage of Juvenile Salmonids Through Dams and Reservoirs of the Lower Snake and Columbia Rivers	NMFS	Core Program	Fundable	1 (RPA 185); 3 (RPA 189)	1,884,200	1,884,200	1,884,200	Should be part of programmatic review of PIT tag program.
199305600	Assessment of Captive Broodstock Technologies	NMFS	Urgent	Fundable	2	1,468,100	1,468,100	1,468,100	Link to programmatic captive broodstock issue.
199403300	The Fish Passage Center	PSMFC	Core Program	Fundable	1	1,302,904	1,302,904	1,302,904	
199602000	Comparative Survival Rate Study (CSS) of Hatchery Pit Tagged Chinook & Comparative Survival Study Oversight	PSMFC/CBFWF	Core Program	Fundable (Qualified)	1 (RPA 189); 3 (RPA 187)	1,736,542	1,806,066	1,806,066	Address ISRP concerns, rework funding for mathematical and statistical models for ISRP review
199602100	Gas bubble disease research and monitoring of juvenile salmonids	USGS	Core Program	Fundable	1	16,885	16,885	16,885	
199606700	Manchester Spring Chinook Broodstock Project	NMFS	Urgent	Fundable	2	877,600	792,000	767,200	Link to programmatic captive broodstock issue.
199900301	Evaluate Spawning of Fall Chinook and Chum Salmon Just Below the Four Lowermost Mainstem Dams	PSMFC/ODFW/USFWS/PNNL	Urgent	Fundable	(RPA 199); 1 (RPA 157); 2 (RPA 156); 3 (RPA 155)	779,586	779,586	779,586	Budget revised by Council decision. Need management plan from NMFS.
200000700	Infrastructure to Complete FDA Registration of Erythromycin	UI	Urgent	Fundable	2	160,919	161,000	-	FDA approval seems to be taking too long. Project request funding through 2006. Anticipate completion by 05 with, no funding beyond.
35002	Determine origin, movements and relative abundance of bull trout in Bonneville Reservoir.	WDFW/YN	Urgent	Fundable in Part	USFWS Bi-op	293,351	305,000	-	Two year project addresses USFWS Bi-op, according to BPA designation. ISRP recommends only funding the feasibility of bull trout capture in
200001700	Kelt Reconditioning: A Research Project to Enhance Iteroparity in Columbia Basin Steelhead (<i>Oncorhynchus</i>)	CRITFC	Urgent	Fundable	2	555,121	544,119	544,119	Project evaluation in 05 to address concerns raised by ISRP in 2002-14 (Step Review).
198810804	StreamNet	PSMFC	Core Program	Fundable in Part (Qualified)	3	2,261,033	2,261,033	2,261,033	Dependent on coordination of database system issue for subbasin plans.

Mainstem/Systemwide
FY 2004 - FY 2006
(Council Approved, 6/11/03)

									General Comments
						FY 2004 total	FY 2005 total	FY 2006 total	
ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank				
198906201	Fish and Wildlife Program Implementation	CBFWA	Core Program	Not Applicable		1,245,700	1,245,700	1,245,700	Revised 061103 by Council decision, objectives 1 and 4 of Section 6 need to be revised to reflect current work plan. Section 7 to be reviewed for
	Request for studies (placeholder)					1,800,000	1,800,000	1,800,000	Placeholder funds for RFP's to address Bi-op gaps.
199800401	Electronic Fish and Wildlife Newsletter		NWPPC responsibility	Fundable		179,800	179,800	179,800	Support information and communication of fish and wildlife news throughout basin.
35010	An Interactive Biodiversity Information System for the Columbia River Basin	NHI	Core Program*	Fundable in Part		432,000	583,902	583,902	Dependent on coordination of database system issue for subbasin plans.
35036	Identify the mechanisms of stranding of juvenile fall chinook salmon in the Hanford Reach	USGS/USFWS	Urgent*	Fundable		250,332	225,868	207,000	Addresses impacts to Hanford fall chinook. Identified by CBFWA as highest priority new projects.
35047	Evaluate Delayed (Extra) Mortality Associated with Passage of Yearling Chinook Salmon Smolts through Snake River Dams	NMFS	High Priority	Fundable	2	1,100,000	1,100,000	1,100,000	Correct budgets are needed.
199105100	Monitoring and Evaluation Statistical Support	UW	Do Not Fund	Fundable	1	394,655	394,655	394,655	NOAA Fisheries/BPA rank 1.
198605000	White Sturgeon Mitigation and Restoration in the Columbia and Snake Rivers Upstream from Bonneville Dam	ODFW	Urgent	Fundable		1,378,916	1,378,916	1,251,803	Project reduced, hatchery component removed. Fund Section 5 Task 1a. Section 7 tasks 1c, 3a, b (complete by 2005) and 3c. CBFWA had
199705900	Securing Habitat Mitigation Sites - Oregon	OMC	Urgent	Fundable (Qualified)		123,000	123,000	80,187	Land Acquisition/ CI removed @ \$1.8, \$3.0 and \$3.0 million for '03 to '05. Costs reflect only ongoing O&M expense.
199601900	Second-Tier Database Support	UW	Do Not Fund	Fundable	2 (RPA 198); 3 (RPA 180)	275,111	264,075	264,075	Identified as Bi-op critical.
199803100	Implement Wy-Kan-Ush-Mi Wa-Kish-Wit Watershed Assessment and Restoration Plan Now	CRITFC	Core Program	Fundable (Qualified)		314,093	314,093	314,093	
200002900	Identification and thermal requirements of larval Pacific, river, and western brook lampreys	USGS, CRRL	Urgent	Fundable		186,945	75,000	-	Relatively small dollar figure for two year ongoing.

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

						FY 2004 total	FY 2005 total	FY 2006 total	General Comments
ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank				
Total Tier 1						30,724,314	30,537,689	29,755,095	
2. Projects that Council staff would recommend if funding becomes available									
35012	Spatial scales of homing and the efficacy of hatchery supplementation of wild populations	NMFS	High Priority	Fundable	2	370,100	369,000	387,000	Identified as Bi-op critical
35029	Transfer IHN virus genetic strain typing technology to fish health managers	USGS	High Priority	Fundable	2	116,479	149,816	149,816	Identified as Bi-op critical
35039	The influence of hatcheries and their products on the health and physiology of naturally rearing fish	USGS	High Priority	Fundable	2	303,448	652,993	814,700	Identified as Bi-op critical
35030	Evaluate potential to enhance spawning of summer/fall chinook salmon in the tailrace of Chief Joseph Dam, Columbia River	PNNL/CCT	Urgent	Fundable		25,000	125,000	125,000	Identified as Bi-op critical
35052	Conservation Enforcement to Enhance and Restore Fish & Wildlife Resources of the Upper Columbia River under Jurisdiction of the Colville Tribes	CCT	Urgent	Fundable		239,218	235,418	235,418	Other funding sources?
195505500	Umatilla Tribal Fish & Wildlife Enforcement	CTUIR	Urgent	Fundable		108,320	108,320	108,320	Other funding sources?
200005500	Enhanced Conservation Enforcement for Fish & Wildlife, Watersheds of the Nez Perce	NPT	Urgent	Fundable		511,210	511,210	511,210	Other funding sources?
200005600	Protect Anadromous Salmonids in the Mainstem Corridor	CRITFC	Urgent	Fundable		435,787	435,787	435,787	Other funding sources?
35046	Estimate juvenile salmon residence in the Columbia River Plume using micro-acoustic transmitters.	NMFS	High Priority	Fundable (Qualified)	1 (RPA 197); 2 (RPA 195)	96,300	417,500	430,000	Correct budgets are needed, capital determination, large portions of project involve equipment installation for tracking that appear to be capital.
198910700	Statistical Support for Salmonid Survival Studies	UW	Do Not Fund	Fundable	1 (RPA 188); 2 (RPA 195)	265,850	265,850	265,850	Based on NMFS comments of January 21.

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

									General Comments
						FY 2004 total	FY 2005 total	FY 2006 total	
ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank				
35007	Evaluate Restoration Potential of Snake River Fall Chinook Salmon Spawning Habitat	PNNL	Recommended Action	Fundable	2 (RPA 155); 3 (RPA 180)	564,200	423,300	-	Correct budgets are needed. Potential management actions as a result of this project?
Total Tier 2						3,035,912	3,694,194	3,463,101	
TOTAL Tier 1 and 2						33,760,226	34,231,883	33,218,196	
Capital Projects recommended by staff									
198331900	New Marking and Monitoring Techniques for Fish	NMFS	Urgent	Fundable	1	836,100	1,032,300	508,600	Project is R&D for captial project 200100300, planning and design should be capital
200100300	ISO Adult Pit Interrogation System Installations	PSMFC	Core Program	Fundable	1	1,972,106	1,660,200	665000	Capital project not counted toward expense budget
199705900	Securing Habitat Mitigation Sites - Oregon	OMC	Urgent	Fundable (Qualified)		2,140,000	3,340,000	3,000,000	Land Acquisition/ CI removed @ \$1.8, \$3.0 and \$3.0 million for '03 to '05, budget here reflects capital component.
TOTAL Capital						4,948,206	6,032,500	4,173,600	
TOTAL Capital and Tier 1						35,672,520	36,570,189	33,928,695	
3. Other projects not recommended by staff									
35001	Habitat Monitoring and Restoration Program for the Lower Columbia River and Columbia River Estuary	LCREP	Withdrawn	Withdrawn					

Mainstem/Systemwide
FY 2004 - FY 2006
(Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank				General Comments
						FY 2004 total	FY 2005 total	FY 2006 total	
35041	Monitoring the reproductive success of naturally spawning hatchery and natural spring chinook salmon in the Wenatchee, Tucannon, and Kalama Rivers	WDFW/NMFS	Urgent	Fundable	2				
35024	Evaluating the sublethal impacts of current use pesticides on the environmental health of salmonids in the Columbia River Basin	NMFS	Urgent	Fundable	2				
35027	Evaluation of Two Captive Rearing Methods for Assisting with Recovery of Naturally Spawning Populations of Steelhead and Coho Salmon	USFWS	Urgent	Fundable	2				
199702400	Avian Predation on Juvenile Salmonids in the Lower Columbia River	OSU/USGS/CRI TFC/RTR	Urgent	Fundable	1 (RPA 102); 3 (RPA 186)				Not deemed responsibility of ratepayers, COE should fund to attempt to resolve responsibility under lawsuit.
199105500	Natural Rearing Enhancement Systems (NATURES)	NMFS	Urgent	Fundable	2				Currently being implemented (e.g. NPTH and Cle Elum). Staff does not see the need to fund this project given the work in the provinces.
200100700	Evaluate live capture selective harvest methods for commercial fisheries on the Columbia River	ODFW/WDFW	Urgent	Fundable in Part	2				Project was originally billed as innovative evaluation of technology. Have not proven that they can prosecute the fishery without
35003	Vitality based studies of Delayed Mortality	UW	Recommended Action	Fundable					
35004	Harvest Model Development	UW	Do Not Fund	Do Not Fund					
35005	Independent Economic Analysis Board	NPPC	NWPPC responsibility	Not Applicable					
35006	Use of Mainstem Habitats by Juvenile Pacific Lamprey (Lampetra tridentata)	PNNL	Recommended Action	Fundable					
35008	Systemwide Lamprey Program Coordinator	USGS	High Priority	Fundable in Part					

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	Total			General Comments
						FY 2004 total	FY 2005 total	FY 2006 total	
35009	Evaluate Status of Pacific Lamprey in the Willamette River Subbasin	ODFW	High Priority	Fundable					
35011	The Floating Net Pen Transportation System Pilot Project	CBFR LLC	Do Not Fund	Do Not Fund					
35013	Species- and site-specific impacts of gas supersaturation on aquatic animals	USGS	High Priority	Fundable in Part					
35014	Measurement of Quantitative Genetic Variation Among Columbia River Basin Chinook Propagation Programs	CRITFC	High Priority	Fundable					
35015	Replicated stream system for the evaluation of hatchery and wild juvenile salmonid interaction and development of innovative culture technologies	UI/CRITFC	High Priority	Do Not Fund					
35016	A Pilot Study to Test Links Between Land Use / Land Cover Tier 1 Monitoring Data and Tier 2 and 3 Monitoring Data	NMFS	High Priority	Do Not Fund	2				
35017	Inventory and Synthesis of Physical Process Models and Methods to Supplement Habitat Conditions Analysis and Subbasin Planning	KWA/Golder	Recommended Action	Do Not Fund					
35018	Evaluate recreational and commercial mark-selective fisheries.	WDFW/UI	Withdrawn	Withdrawn					
35020	Regional Project Effectiveness Monitoring Program for Columbia River Basin Listed Anadromous Salmonids.	NMFS	Urgent	Do Not Fund	2				
35021	Purchase And Evaluation of Automated Marking and Tagging Systems (MATS)	ODFW	Recommended Action	Do Not Fund					
35022	Habitat Mitigation Tracking System		Do Not Fund	Fundable (Qualified)					
35023	Establish Relationship between Fish Passage Survival and Turbine Operating Efficiency		Do Not Fund	Do Not Fund					

Mainstem/Systemwide
FY 2004 - FY 2006
(Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	FY 2004 total	FY 2005 total	FY 2006 total	General Comments
35025	Optimization of FCRPS Impacts on Juvenile Salmonids: Restoration of Lower-Estuary and Plume Habitats	OHSU	Recommended Action	Fundable					
35026	On-line Subbasin Planning/Watershed Newsletter		Recommended Action	Fundable					
35028	Evaluate White Sturgeon Nutritional Needs & Contaminant Effects Influenced by the Hydroelectric System	PSU	Recommended Action	Fundable					
35031	Tagging Study Technical Committee	BPA	Recommended Action	Do Not Fund					
35032	Assess the Feasibility of Reducing Predation on Juvenile Salmonids in the Columbia River Through Operation of the Hydronower System	USGS, CRRL; ODFW	High Priority	Do Not Fund					
35034	Fish Behavioral Guidance Through Water Velocity Modification PHASE ONE	NS	Recommended Action	Fundable					
35035	Incorporating Pit Tag Technology to Evaluate and Monitor the Reintroduction Effort for Anadromous Salmonids in the Upper Cowlitz Watershed	WDFW	Recommended Action	Do Not Fund					
35037	Measuring the potential for domestication selection of spawn timing in chinook captive and supplementation programs; implications for recovery.	UW/NMFS	Recommended Action	Fundable					
35038	Develop Computational Fluid Dynamics Model to Predict Total Dissolved Gas Below Spillways	ENSR	Do Not Fund	Fundable					
35040	Determination of post-release survival of spring chinook salmon in a mark-selective sport fishery	PNNL	Recommended Action	Do Not Fund					
35042	Evaluate the Effects of Prey Availability on Recruitment of White Sturgeon in the Columbia River	USGS	High Priority	Fundable					

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	FY 2004 total	FY 2005 total	FY 2006 total	General Comments
35043	Monitoring and Models for Adaptive Management of White Sturgeon	USGS	Recommended Action	Fundable					
35044	Determine Effects of Contaminants on White Sturgeon Reproduction and Parental Transfer of Contaminants to Embryos in the Columbia River Basin	OSU	High Priority	Fundable					
35045	Modeling and Information Management System to Assess Effectiveness of Alternative Actions	PNNL	Recommended Action	Do Not Fund					
35048	NWFSC Salmon Data Management, Analysis, and Access for Research Monitoring and Evaluation Programs	NMFS	Recommended Action	Do Not Fund (Qualified)	2				
35049	A multiscale evaluation of steelhead supplementation in the West Fork Elochoman River	NMFS	High Priority	Fundable					
35050	UW Offsite Habitat and Fish Survival Effectiveness Monitoring	UW	Do Not Fund	Do Not Fund					
35051	Evaluate Feasibility of a System-wide Multi-Agency Fish, Wildlife & Habitat Conservation Enforcement Web-Based Data Center		Recommended Action	Fundable					
35053	Biological Feasibility of Reintroducing Fishwheels to the Columbia River System		Recommended Action	Do Not Fund					
35054	Engaging the Public in Watershed Planning; A Tool Box for Cultural Shift	CBFWA	Recommended Action	Do Not Fund					
35055	Role of Bacteria as Indicator Organisms for Watershed Assessment and in Determining Fish Pathogen Relationships with Fauna of Abernathy Creek	USFWS	Recommended Action	Do Not Fund					
35056	Develop Human Resources Necessary to Exercise Co-Management Responsibilities	CRITFC	Recommended Action	Do Not Fund					

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank	FY 2004 total	FY 2005 total	FY 2006 total	General Comments
35057	Habitat Condition and Restoration Potential of Columbia River Flood Plains: A Critical, Missing Element of Fisheries Recovery Science and Policy	UM	Recommended Action	Fundable (Qualified)					
35058	Evaluation of food availability and juvenile salmonid growth rates under differing thermal and sediment regimes.	CRITFC	Do Not Fund	Do Not Fund					
35059	Rapid Detection of White Sturgeon Iridovirus in Spawning Fluids, Eggs and Juvenile Tissues of White Sturgeon	USFWS	Do Not Fund	Do Not Fund					
35060	Instream evaluation of populations, migration, individual adult return and wild-hatchery interactions of naturally produced salmonids	USFWS	High Priority	Fundable					
35061	Prophylactic Treatments for White Sturgeon Infected with the White Sturgeon Iridovirus (WSIV)	USFWS	Do Not Fund	Do Not Fund					
35062	Impacts of Flow Regulation on Riparian Cottonwood Ecosystems in the Columbia River Basin	UI	High Priority	Fundable (Qualified)					
35063	Compare Bacterial Fish Pathogen Populations in Hatchery Water and in Adjacent Creek Water and Evaluate Possible Disease Transfer	USFWS	Recommended Action	Do Not Fund					
35064	An Acoustic Tracking Array for Studying Ocean Survival and Movements of Columbia River Salmon	Kintama Corp	TBD - Do Not Fund (Estuary)	Fundable in Part (Qualified)					
35065	Canada-USA Shelf Salmon Survival Study	DFO	TBD - Do Not Fund (Estuary)	Fundable in Part (Estuary)					
198740100	Assessment of Smolt Condition: Biological and Environmental Interactions	USGS	High Priority	Fundable in Part (Qualified)	3				
198907201	Independent Scientific Advisory Board Support	DOE/ORNL	NWPPC responsibility	Not Applicable					Placeholder

Mainstem/Systemwide
 FY 2004 - FY 2006
 (Council Approved, 6/11/03)

									General Comments
						FY 2004 total	FY 2005 total	FY 2006 total	
ID	Title	Sponsor	CBFWA	ISRP	NOAA Fisheries/BPA rank				
199600500	Independent Scientific Advisory Board	CBFWF	NWPPC responsibility	Not Applicable					Placeholder
199800800	Regional Forum Facilitation Services	NMFS	Core Program	Fundable (Qualified)					
200005200	Upstream migration of Pacific lampreys in the John Day River: behavior, timing, and habitat use	USGS	High Priority	Fundable					
						38,708,432	40,264,383	37,391,796	

BPA Criteria for Ranking Critical Elements for Biological Opinion Projects in the Mainstem/Systemwide Province

June 2, 2003

BPA developed, in coordination with NMFS, a list of projects identified as “Critical Elements for Biological Opinion,” with priority placed on those projects necessary for successful achievement of objectives at the 3-year and 5-year check-ins. This product was provided to the NPCC in February, 2003. Since that time, BPA, in coordination with the NPCC and NMFS, has focused on the projects that specifically address urgent research, monitoring, and evaluation; most of these projects are included in the mainstem/systemwide province.

In light of the NPCC adjusted allocation of funds for the mainstem/systemwide province, BPA categorized the critical element projects into phase 1, 2 and 3 to provide some additional indication of relative priority. Our approach in developing our recommendations for these projects was to identify the most urgent of those projects (Phase 1), which would total approximately \$31 million, equal to the funds available under the NPCC amended funding allocation for the mainstem/systemwide province.

Several steps are needed to facilitate the accomplishment of objectives associated with projects in phases 2 and 3 beginning in FY04, as these projects remain critical for the implementation under ESA and to retain the benefit of ongoing projects that BPA and the region have invested. Many projects included in phase 1 (phases 2 and 3, as well) provide opportunity for cost savings either through efficiencies or refinement of scope to better address priority needs.

Phase 1 Criteria:

- Constitute a significant or primary response to requirements of the 3- or 5-year check-in of the Biological Opinion and received a “fundable” determination by the Independent Scientific Review Panel
- Core projects for Program implementation

Phase 2 Criteria:

- BiOp critical projects not included in phase 1 that provide data to support decision making
- BiOp critical projects that received “do not fund” designation which are undergoing continued review/development in coordination with ISAB/ISRP

Phase 3 Criteria:

- Projects that did not meet phase 1 or phase 2 criteria

**DIFFERENCES BETWEEN NORTHWEST POWER PLANNING
AND CONSERVATION COUNCIL AND BONNEVILLE POWER
ADMINISTRATION "RANKINGS" FOR PROJECTS UNDER
THE MAINSTEM/SYSTEMWIDE PROVINCE**

BPA Phase 1 Compared to NPCC

PROJECT NUMBER <i>(BiOp Critical in Italics)</i>	PROJECT TITLE	COMMENTS	FY04 Budget	
			BPA	NPCC
35019	<i>Develop and Implement a Pilot Status and Trend Monitoring Program</i>	BPA reduced budget by \$250,000 to reflect duplicate status monitoring in the John Day Basin; coordinate with NPCC staff to reconcile.	1515000	2218000
35041	<i>Monitoring the Reproductive Success of Naturally Spawning hatchery and natural spring chinook</i>	NPCC tier 3.	830474	830474
35046	<i>Estimate Juvenile Salmonid Residence in the Plume using Microacoustic Transmitters</i>	NPCC tier 2. NPCC budget reflects an assumption of a capital determination for some components; BPA has not agreed with this conclusion.	1443300	96300
35064	<i>An Acoustic Tracking Array for Studying Ocean Survival and Movements</i>	NPCC tier 3. Currently in coordination with NMFS to intergrate with Project 35046. BPA reduced proposed budget by one-half in light of previous discussion with sponsor and pending completion of discussion with NMFS on integration.	1432911	2865821
35065	<i>Canada-USA Shelf Survival Study</i>	BPA modified budget based on coordination with sponsor. NPCC tier 3.	250000	418800

198201300	<i>Coded-Wire Tag Recovery Program</i>	Small difference -- coordinate w/ NPCC staff to reconcile.	2100000	2028757
198331900	<i>New Marking and Tagging Techniques</i>	Most of project is research and development, not capital construction. NPCC staff recommends designation as capital, inconsistent with historic	878000	41900
198712700	<i>Smolt Monitoring by Federal and Non-Federal</i>	Potential budget error on NPCC spreadsheet?	2435941	1910000
199007700	<i>Northern Pikeminnow Management Program</i>	Difference in annual planning budget and feasibility of approach to achieve efficiencies. BPA reduced by \$250,000 annually; also planning on biological evaluation in 2004 whereas NPCC planning does not appear to	2901000	1435000

Summary: There is considerable commonality between BPA phase 1 and NPCC tier 1. However, several BiOp critical projects designated as phase 1 by BPA wer included the NPCC tier 3.

NPCC Tier 1 vs. BPA

PROJECT NUMBER <i>(BiOp Critical in Italics)</i>	PROJECT TITLE	COMMENTS	FY04 Budget	
			BPA	NPPC
198201302	<i>Annual Stock Assessment – Coded-Wire Tag Program (ODFW)</i>	BPA phase 2	215000	217881
198201304	<i>Annual Stock Assessment – Coded-Wire Tag Program (WDFW)</i>	BPA phase 2	325000	319137
198201303	<i>Annual Stock Assessment – Coded-Wire Tag Program (USFWS)</i>	BPA phase 2	120000	119268
199602000	<i>Comparative Survival Rate Study of Hatchery PIT-Tagged Fish</i>	BPA phase 2	1736542	1736542
200000700	<i>Infrastructure to Complete FDA Registration of Erythromycin</i>	BPA phase 3	160919	160919
200001700	<i>Kelt Reconditioning: A Research Project to Enhance Iteroparity in Steelhead</i>	BPA phase 2	555121	555121
199800401	Electronic Fish and Wildlife Newsletter	BPA phase 3. BPA modified budget to reflect narrower scope.	100000	179800
35010	An Interactive Biodiversity Information System	BPA phase 3	432000	432000
35036	Identify mechanisms of stranding of fall Chinook salmon in the Hanford	BPA phase 3. Overlaps with study funded by Grant PUD.	250322	250322
198605000	White Sturgeon Mitigation and Restoration	BPA phase 3. BPA recommends reduced scope.	1378916	1378916
199705900	Securing Habitat Mitigation Sites – Oregon	NPCC tier 1 (O&M only); BPA phase 2.	123000	123000
199803100	Implement Wy-Kan-Ush-Mi Wa-Kish-Wit	BPA phase 3. BPA recommends integration under subbasin	314093	314093
200002900	Identification and thermal requirements of lamprey	BPA phase 3.	186945	186945

Summary: The NPCC has included many projects in its tier 1 that BPA identified as either phase 2 or 3. This suggests use of different criteria for determining which projects to fund within the current allocation of \$31 million for mainstem/systemwide province.

NPCC Tier 2 vs. BPA

PROJECT NUMBER <i>(BiOp Critical in Italics)</i>	PROJECT TITLE	COMMENTS	FY04 Budget	
			BPA	NPCC
35029	<i>Transfer of IHN Virus Genetic Strain Typing Technology to Fish Health Managers</i>	BPA phase 3	116479	116479
35030	Evaluate Potential to Enhance Spawning of Summer/Fall Chinook Salmon in the Tailrace of Chief Joseph Dam	BPA phase 3	25000	25000
35052	Conservation Enforcement – Colville Tribe	BPA phase 3	239218	239218
195505500	Umatilla Tribal Fish and Wildlife Enforcement	BPA phase 3	108320	108320
200005500	Enhanced Conservation Enforcement – Nez Perce	BPA phase 3	511210	511210
200005600	Protect Anadromous Salmonids in the Mainstem Corridor	BPA phase 3	435787	435787

BPA Phase 2 vs. NPCC

35048	<i>NWFSC Salmon Data Management</i>	NPCC tier 3.	206000	763150
35016	<i>A Pilot Study to Test Links Between Land Use/Land Cover Tier 1 Monitoring Data and Tier 2 and 3 Monitoring Data</i>	NPCC tier 3.	200000	436000
35020	<i>Regional Project Effectiveness Monitoring Program</i>	NPCC tier 3.	3000000	475000

35024	<i>Evaluating the Sublethal Impacts of Current Use of Pesticides</i>	NPCC tier 3. BPA revised budget to reflect a change of scope to accommodate RME requirements consistent with ISRP review.	500000	304905
35027	<i>Evaluation of Two Captive Rearing Methods for Assisting With</i>	NPCC tier 3.	396116	396116
199105500	<i>Natural Rearing Enhancement Systems (NATURES)</i>	NPCC tier 3.	559800	559800
199702400	<i>Avian Predation</i>	NPCC tier 3. BPA revised budget.	500000	680000
200100700	<i>Evaluate Live Capture Selective Harvest Methods for Commercial Fisheries</i>	NPCC tier 3. BPA revised budget.	633000	923551

Summary: The differences between the NPCC tier and BPA phase 2 and 3 designations suggests use of different criteria for ranking projects.

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MEMORANDUM

TO: Council Members

FROM: John Ogan

SUBJECT: Staff Recommendation for Mainstem/Systemwide Projects

I. Introduction and Action Requested

The Mainstem/Systemwide (MSSW) projects group is the final "area" to be dealt with in the first round of the new Province based project review and recommendation format. Once the Council makes its recommendations for the MSSW projects, all ongoing projects and new proposals will have been subject to the modified review process described in the 2000 Program. The staff is providing its recommendations for projects and funding levels for Fiscal Years 2004 through 2006 to the Fish and Wildlife Committee at the June meeting in Boise. Because this funding recommendation has been deferred several months, and because it believes this recommendation is ready for Council decision, the staff is recommending that the Fish and Wildlife Committee make a funding recommendation to the full Council the following day.

II. Explanation of the Process and Considerations Guiding the Staff Recommendation

A. Funding Allocation for the Mainstem/Systemwide

The total Bonneville funding for each province, and now for the MSSW projects group, is determined based upon historical spending using Fiscal Year 2001 as the base year. In prior project funding recommendations the Council has developed its funding recommendations within the province's pro rata share of \$186 million (expense and capital combined) as a planning budget. This past winter, Bonneville advised the Council that it was changing its accounting procedures for the fish and wildlife program from a planning or obligations basis to one that was based on actual spending for the expense portion of the fish and wildlife program. Bonneville further advised that it intended to limit actual spending in the coming fiscal years, beginning with Fiscal Year 2003, to \$139 million in expense spending each year. Bonneville staff has advised Council staff that it will limit its actual contract obligations in the coming fiscal years to that \$139 million level each year. That is, Bonneville staff has advised Council staff that, beginning with Fiscal Year 2003, it would not would not "plan to \$150 million", expecting

to spend only \$139 million as originally conceived and described the Administrator in December 2001. The Council has not officially agreed or rejected the application new accounting rules beyond Fiscal Year 2003. However, the staff recommendation does use those parameters described by Bonneville.

The MSSW expense budget allocation is approximately \$31 million and is calculated as follows:

\$139 million expense/year committed by BPA - (placeholders = subbasin planning [\$10 million]; ISRP/ISAB [\$0.9 million]; Water Marketing/RPA 151 [\$5 million]; BPA overhead [\$12 million]) = \$111.1 million expense budget basinwide.

\$111.1 million expense budget basinwide X (MSSW historical pro rata basinwide funding =27.9%) = \$30.913 million.

The staff recommendation does not attempt to “make-up” any shortfalls for Fiscal Year 2004 funding within the MSSW allocation. The \$31 million allocation is what is available in light of Bonneville’s funding commitment and currently applied accounting rules. Capital spending may augment the expense budget, and the staff recommendation does include capital projects totaling just under \$ 3 million. The total staff recommended funding package, therefore, is approximately \$34 million for Fiscal Years 2004 through 2006.

B. Project Prioritization Considerations

In the fall of 2001, and as part of its Columbia Plateau province decision, the Council adopted a suite of criteria or considerations that it would employ to prioritize projects for purposes of making funding recommendations to Bonneville. Prioritization criteria have been necessary because there are more qualified projects than available funding can support. The criteria are:

1. As a matter of first priority, maintain adequate funding for the operation, maintenance, monitoring and evaluation of **ongoing projects**;
2. As a second-level priority, provide funding to multi-step or phased **ongoing projects** that are prepared to take the next anticipated and logical step in their development;
3. As a second-level priority (co-equal with 2 above), provide funds to **new and ongoing projects** that protect currently productive, high quality habitat, and/or provide connections to historic habitat;
4. Also as a second-level priority (co-equal with 2 and 3 above) provide funds to those **new and ongoing** projects that can be shown to respond to Reasonable and Prudent Alternative action items in the 2000 Biological Opinion on Hydrosystem Operations for which Bonneville has been assigned responsibility;
5. As a second-level priority (co-equal with 2, 3 and 4 above) where there are new projects that have been developed and coordinated with a broad coalition of local interests including, for

example, local governments, tribes, state agencies, agriculture interests and others, and there is consensus support, fund the projects;

6. As a third-level priority, provide funding for proposed **new** projects that present an opportunity to protect, mitigate or enhance fish and wildlife that will be lost if delayed until after subbasin plans are completed (next 1-4 years);

7. Finally, the Council likely will not support funding **new or expanded** research initiatives.

The staff continued to use these same criteria in developing its MSSW recommendations, but the *priority of the considerations was modified*. Specifically, based on comments from Bonneville and NOAA representatives that the FCRPS Biological Opinion implementation put significant reliance on the MSSW project group, the staff made Biological Opinion implementation (criterion #4) a consideration that was on par with preserving the existing investment of ongoing projects (criterion #1). In addition, because a significant amount of this Biological Opinion work could be characterized as research, the staff believed that it could not continue to treat research as disfavored (criterion #7) while meeting Biological Opinion needs. This approach of using the same prioritization criteria, but with a different priority than as applied in the tributary areas, is similar to the approach applied by the Council in the Estuary and Lower Columbia Provinces where substantial new Biological Opinion based work was required.

The staff continued to take into account the prioritization recommendations of CBFWA, and the scientific reviews of the ISRP. The staff reviewed and considered comments submitted by NOAA Fisheries on January 21, 2003 that related projects to RPA's of the Biological Opinion, comments from Bonneville dated February 19, 2003, and a joint NOAA/Bonneville letter that evaluated the criticality of projects specifically for the Biological Opinion 2003 "check-in." The staff also reviewed and considered numerous project-specific comments in developing its recommendation. All of these comments helped the staff make determinations with regard to how each project in the MSSW group responded to the criteria listed above.

As an aid in applying the prioritization criteria outlined above to the MSSW projects, the staff sorted projects into "tiers." Tier 1 projects were rated by the ISRP as "Fundable", given a priority rank in the BPA/NOAA "critical Biological Opinion projects" comments (ranked as a 1 or 2), and were identified as "core" or "urgent" by CBFWA. Tier 2 projects were those that continued to be ranked "Fundable" or "Fundable in Part" by the ISRP, were ranked by BPA/NOAA as not-immediately critical for Biological Opinion implementation (ranked 3 or not ranked), and were in the lower CBFWA prioritization categories of "High Priority," "Recommended Action" or "Do Not Fund". Tier 3 were all remaining proposals that did not qualify for Tier 2 or higher. The staff developed workbooks that showed how projects fell into these three tiers and shared them with Bonneville, project sponsors, and CBFWA.

C. Council Preliminary Review and Guidance Regarding Staff Project Prioritization

At its meeting in Walla Walla in May, the staff shared the MSSW projects workbook with the Fish and Wildlife Committee, and described the considerations that went into its tiered approach.

The staff described how the funding allocation for the province had been developed, and explained how Biological Opinion implementation was being treated as a primary consideration in this project group. The staff, in a memorandum from Patty O'Toole, explained that there were several projects that were not in Tier 1 that staff believed were important for Fish and Wildlife Program implementation, and that the staff would continue to refine its recommendations by taking the following next steps:

- Reviewing the full suite of Bi-Op requirements with NOAA fisheries and Bonneville to determine duplication of effort that can be eliminated from project budgets
- Reviewing ISRP comments for less essential elements of major project budgets
- Reviewing scopes of work for ongoing projects that may be a lower priority for Bonneville funding given budget constraints.

The staff understood the Committee to support using \$31 million dollars as the available budget, and to support meeting Biological Opinion implementation critical needs as a primary prioritization criterion. However, the staff also understood that the Committee wanted to see if the staff, in following through with the next steps identified in the bullets above, could develop a recommendation that more evenly balanced new ESA based work with broader Fish and Wildlife Program projects, particularly the ongoing projects that continued to have ISRP and CBFWA support.

D. Bonneville Recommendations

Bonneville staff has expressed to the Council staff a preference that the final recommendations for the mainstem/systemwide projects be done in two phases. If the Council makes final recommendations on a \$31 million package in June, Bonneville urges the Council to use a subsequent tributary project status review to identify more funds to augment the mainstem/systemwide allocation and that the Council reserve a follow-on decision on funding of additional projects above the current target allocation for mainstem/systemwide projects (i.e., Bonneville Phase 2 projects, and potentially some in Phase 3). Bonneville provided the staff with accompanying tables and explanatory criteria to identify which alternative projects it recommends as priorities relative to the Council staff's recommendation of priorities. Bonneville staff will participate in the Council discussions to support its prioritization alternative and for deferring final Council recommendations.

Bonneville provided an alternative set of recommendations and has summarized those in a set of tables accompanying this memo. The essence of the alternative is a set of different projects to be funded in the first tier of the current allocation to the mainstem/systemwide projects. Then, a second list of additional priority projects was provided that require funding above the current allocation to mainstem/systemwide. A third list included the remaining projects, some of which warrant further regional discussion about priority, scope, and potential funding. The differences with the staff recommendation are in part differences in priority and in part differences in actual project planning budgets. Again, Bonneville recommends that a Council decision on a first set of projects be followed by work to look through other provincial

projects and budgets to identify funds that can be reprioritized to augment the mainstem/systemwide allocation. Bonneville also argues that the review of the provincial budgets could achieve efficiencies through improved integration of existing work relative to some of the remaining Bi-Op requirements.

Summary:

- Bonneville structured its project review in three “phases”, similar to the Council staff’s three “tiers”. The difference is that Bonneville presumes that both its “Phase 1” and “Phase 2” need funding to implement the Bi-Op and preserve the benefit of ongoing projects under the Program.
- Bonneville’s “Phase 1” totals approximately \$30 million in FY 2004; \$32.5 million in FY 2005 and \$30.2 million in FY 2006 (subject to further refinement based on regional discussion, and final development of work statements, improved integration, and contracting).
- The list of differences from the Council staff recommended “Tier 1” is summarized on the accompanying tables - “BPA Phase 1 Compared to NPPC” is the list of four additional projects and five proposed changes in recommended budgets. A few of the budget changes may be resolved before the Council meeting. The proposed additional projects and proposed changes are substantive issues for Council discussion.
- Bonneville proposes making 13 projects in the Council staff’s Tier 1 list either part of the second phase of projects to be funded in its recommended sequence or part of the third tier of lower priorities, some of which may also warrant further discussion for potential funding.

Bonneville defined its list of Phase 2 projects, analogous to but with a different priority than the Council staff’s Tier 2. The difference in priority is that Bonneville maintains that this list of additional projects must also be funded but can wait for some additional review before the end of the fiscal year. The Council staff’s Tier 2 is not elevated above other qualified projects in the region for prioritized funding as unallocated funds are identified. They have equal status, for example, with the second tier of projects identified by the provincial work groups in the Columbia Cascade that could not be funded within that province’s allocated budget.

Summary

- The list of phase 2 projects Bonneville recommends totals approximately \$12.5 million in FY 2004, \$13.4 million in 2005 and \$12.8 million in 2006 (these too, are subject to further refinement based on regional discussion, and final development of work statements, improved integration, and contracting).
- This list is a mix of seven ongoing projects the Council staff recommends in Tier 1 and additional projects the Council staff did not recommend as priorities. Bonneville’s criterion was that the Phase 2 projects are Bi-Op critical that provide data to support

decision making and other Bi-Op critical projects that received “do not fund” ratings from the ISRP but which are undergoing more development and further review.

- The remainder of mainstem/systemwide projects were included in Bonneville’s Phase 3 list; Bonneville has indicated that there are some ongoing projects appropriate for further regional discussion for potential funding.

III. Council Staff Recommendation for MSSW Projects

The staff recommendation is reflected in an accompanying Excel table. The staff recommends that the Council support Bonneville funding the Tier 1 projects at the levels identified. The projects in Tier 2 are prioritized if additional funds become available, but the staff recommendation is that these projects compete on an equal basis with other funding needs basinwide (for example, there is a second “tier” of projects in the Columbia Cascade province that has been prioritized should remaining funds become available that remain candidates for funding) if additional funding becomes available. The staff, at this time, cannot forecast if additional funding will be available for these Tier 2 projects or any other needs in the basin.

As outlined above, the staff and Committee discussed the next steps in developing a staff recommendation in Walla Walla that would go beyond the basic sort that had been used. This subsequent work changed the composition of Tier 1 from a reflection of the mechanical sorting of projects that met the ISRP-BPA/NOAA-CBFWA ratings discussed in B. above. These reasons changes are best discussed categorically.

Considerations that Led Staff to Remove Projects from Tier 1 in its Recommendation

1. The staff recommendation seeks to meet Biological Opinion needs first through ongoing work that is supported by ISRP and CBFWA, and does not recommend projects that appear redundant.

Throughout the provincial reviews, the Council has consistently asked that Bonneville and NOAA seek to define and implement the Biological Opinions’ requirements through the provincial review process, and that it would be most cost-effective to meet those needs with existing work.

Projects Affected

The staff recommendation dropped project 35041 from Tier 1 because the it believes that the basic the investigation proposed, relative fitness of hatchery and wild spring chinook that spawn naturally, is being conducted in other ongoing projects such as the Idaho Supplementation Studies, the YKFP, and others. These ongoing projects address the RPA that this project is aimed at (182). The NMFS genetic monitoring and evaluation project (198909600) also addresses RPA 182, and is being expanded in the staff recommendation. The staff recommendation also reserves a placeholder in Tier 1 for proposals that are being developed to address RPA 182. Neither Bonneville nor NOAA presented an explanation as to why additional investigations of hatchery v. wild spring chinook fitness are needed, (and that explanation would seemingly have needed to include a statement of why the information being gathered in the other areas of the basin is not “transferable”) and why there is presently an inadequate response to RPA 182.

The staff recommendation does not include project 35027. This is a USFWS project studying two captive rearing methods. The project responds to RPAs 182 and 184. There are several

ongoing projects that are recommended by the staff that address these RPAs, and several projects recommended by the Council in past provincial reviews address these RPAs. The staff recommendation also reserves a placeholder in Tier 1 for proposals that are being developed to address RPAs 182 and 184. Neither Bonneville nor NOAA presented a rationale for starting this new investigation in light of existing work addressing the RPAs it relates to. The staff is also not recommending this new captive broodstock strategy investigation in light of the ISRP's comments that the existing ongoing project in this area (NMFS 199305600), which is included in the staff recommendation, should be subject to an in depth review, clarification, and restructuring. The staff believed that the ISRP programmatic comments on captive broodstock research did not support starting this new investigation. (*See* ISRP 2002-14, p. 9).

2. The staff recommendation would not fund projects that have been found by the ISRP to be not scientifically sound or to provide minimal benefits.

The staff recommendation holds projects deemed to be critical to Biological Opinion implementation to the same scientific standards as other Fish and Wildlife program projects. They must meet the scientific standards established in the Northwest Power Act and applied by the ISRP.

Projects Affected

Project 35024 was modified by the sponsor to be more responsive to Biological Opinion requirements than as originally proposed. As modified, the ISRP rated the project as "Do Not Fund." The staff recommendation is to not fund the project, and it is not included in Tier 1. As originally proposed, it is only marginally applicable to the Biological Opinion (as evidenced by the need to modify it) and would not be priority new work at this time, and as modified, it is not scientifically supportable. Bonneville continues to list this as a project it supports in its Phase 2.

Bonneville supports projects 35016, 35020, and 35048 as part of its Phase 2 package. The staff recommendation does not include these in either its Tier 1 or Tier 2 recommendations, as all were rated "Do Not Fund" by the ISRP. The staff is very concerned that the Bonneville recommendation to fund these projects would seemingly require special treatment for these projects. Specifically, unless Bonneville is suggesting that these projects be funded over the objections of the ISRP, the projects would need to be modified and re-reviewed by the ISRP. The opportunity for yet another ISRP review for a select few projects raises serious fairness concerns for the staff.

Project 199105500 is the ongoing NMFS sponsored NATURES project. The ISRP final report wrote to this project and to the NATURES techniques extensively in its programmatic recommendations. While the ISRP found that the project itself met scientific standards, it concluded that many of the techniques have been adopted and are being implemented, and that the "relative benefits of NATURES rearing alone are likely to be relatively small." (ISRP 2002-14, pp. 8-9).

3. The staff recommendation does not include projects that are appropriately funded by other agencies.

There is a limited budget to meet the fish and wildlife program and ESA needs in the MSSW group. One of the best illustrations of this is that Bonneville is recommending that approximately \$42 million be allocated to the MSSW in each of the next three fiscal years when its pro rata allocation is \$31 million. In order to try to stay within the allocation, the staff recommendation does not include projects that would seem to have an alternative appropriate funding source.

Projects Affected

Project 35027 (also discussed previously above in item 1.) is proposed by the USFWS, and it evaluates two captive rearing methods for steelhead and coho. The project would respond to RPA 184. Because there are numerous ongoing projects that respond to RPA 184 that are recommended here or have been recommended for funding by the Council in prior provincial reviews. The staff has also reserved funding in its Tier 1 recommendation for studies that are under development to address RPA 182 and 184. The staff believes that Bonneville's response to its Biological Opinion obligations in this area is adequate at this time, and does not support Bonneville funding for this new project. The USFWS has expertise, management and regulatory responsibilities, and jurisdiction germane to the study proposed here. If this study is a USFWS priority, the staff believes that it should be conducted with its own funds. Again, if projects responding to the RPAs addressed by this research were absent or few, the staff recommendation may be different.

Project 199702400, researching avian predation on juvenile salmon is not recommended for funding. The staff believes that the basic uncertainties confronting the region in this arena have been sufficiently resolved by the research conducted through this project. As we have learned Caspian terns thrive in the habitat created, primarily by the Corps of Engineers, in the estuary, the predation on juvenile salmonids is significant and the predation impact is related to the number and location of the birds in the estuary. We have learned that dislocating the terns reduces predation in the lower Columbia. The USFWS has management jurisdiction over Caspian terns. The staff believes that the Corps and/or the USFWS more appropriately fund continuing research in this area. The ratepayer contribution to the research to date has been significant and well spent. However, unless and until actual significant management actions aimed at substantially reducing predation on juvenile salmon are implemented, the staff believes that Bonneville funding should be eliminated. The staff would recommend that the Council support funding for monitoring the effectiveness of management actions aimed at reducing predation, but it does not understand this proposal to have that focus, primarily because significant management actions are not permitted at this time.

Project 200100700, evaluating live capture (tangle net) methods for commercial Columbia River fisheries is not recommended. Bonneville has funded this project, originally an innovative project, for two years. The staff believes that although there have been some implementation difficulties in utilizing this gear (capture of non-target species -- wild steelhead and listed spring chinook) this project has demonstrated the effectiveness of this gear in this area for a commercial spring chinook fishery. The staff believes that, having proven the functionality of the gear, the obligation to fund the enforcement and monitoring of the fishery shifts to the state management

entities. The staff is not persuaded that the additional studies to investigate the reproductive success of released fish are a priority. The state fish and wildlife management agencies have employed catch and release fisheries for salmon and steelhead for many years, and have done so either without studying post-release impacts on reproductive success or have funded such studies themselves as an incident to its management choices. The staff believes that NOAA and Bonneville should determine that the RPAs that this project addressed have been satisfied, or work with appropriate parties to test live capture harvest with different gear and/or in different areas.

Projects 35046, 35064, and 34065 are projects that investigate how juvenile salmon utilize the plume and continental shelf. The ISRP considered these projects related, and gave them fundable ratings with significant qualifications and limitations. While the ISRPs reservations were a significant factor in the staff recommendation, a major consideration is our belief that this research is more appropriately funded by NOAA Fisheries as part of its coast wide investigations. While it is understandable how the plume study traces back to FCRPS operations, (the characteristics of the plume change depending on FCRPS operations) this package of research seems to have broader application germane to NOAA responsibilities. Bonneville's Phase 1 recommendation would dedicate approximately \$3.2 million to these three projects in Fiscal Year 2004 (we do not have out-year estimates for Bonneville's Phase 1 or 2 recommendations).

Projects that the Staff Recommend Remain in Tier 1 at Reduced Funding Levels

The staff reviewed the budgets of the ongoing projects that were in Tier 1 based on ISRP, CBFWA, and NOAA/BPA review (the package presented in Walla Walla) with an eye to making reductions that would permit funding more projects within the Tier 1 allocation of \$31 million. The basic approach was to review the project proposals to ensure that Objectives and Tasks proposed describe priority work and that they maintained essentially level funding from prior approvals. In some cases, especially with large projects, the staff recommends reduced funding.

At the meeting with project sponsors, the staff explained the budget reductions to the projects that it included in Tier 1. Most, if not all, of these objections were met with objections. The sponsors argued that many of these projects have been level funded for some time, and that this is actually leading to a loss of capacity. Some sponsors argued that the project objectives might not be achievable with the funding reductions proposed by staff.

Affected Projects

Projects 198201301 (coded wire tag -PSMFC); 19990301 (evaluate fall chinook and chum spawning); 1987120700 (smolt monitoring) were held at level budgets.

Project 199007700, the Northern Pikeminnow Management Program is reduced in the staff recommendation by 50%. This project is proposed for \$2.8 million in Fiscal Year 2004, increasing to approximately \$3.1 million in Fiscal Years 2005 and 2006. The staff is recommending that this project be reconfigured and downsized. The staff suggests that some

alternative year or alternating zone management construct be developed that can reduce the costs of the program by approximately 50%. Further, the staff is aware that this program has developed some very proficient pikeminnow anglers that could be engaged as sub-contractors as an alternative or in conjunction with alternative year management. Project sponsors and Bonneville have objected to this staff proposal, and seek full and increasing funding. If the objections persist without alternatives being offered, the staff recommends that Bonneville and the sponsors explain in writing why funding this project at approximately \$1.5 million/year over the next three fiscal years will not yield substantial biological benefits.

Projects that the Staff Recommendation Elevated to Tier 1

After taking the steps described in the above subsections, there was funding available within the \$31 million allocation for the MSSW projects. The Council staff elevated the following projects, and recommends them for funding at the levels described in the table because of their importance to the Council's Fish and Wildlife Program:

- Project 198810804 (Streamnet) The staff believes that this ongoing project remains critical to serving the data management needs of the program, and it is an important resource for the current subbasin planning work. The staff realizes that the region is engaged in discussions about the structure of a more integrated and comprehensive data management system, and recommends that this project will have to be an important component of whatever arrangement is developed if it is to maintain its funding support.
- Project 198906201 is the CBFWA base proposal and was not originally in Tier 1. The staff recommends elevating the proposal to Tier 1 because of the important coordination work traditionally provided through this project. The staff recommendation reduced the funding for the project by eliminating the funding associated with Objectives and Tasks that will not be required over the next three fiscal years. The staff recommends that the appropriate funding level for the CBFWA proposal be established by jointly developing a task based budget, and funding both CBFWA central staff and member time and travel against those tasks.
- Project 35010 is the Interactive Biodiversity Information System (IBIS). This project is important for the terrestrial elements of the current subbasin planning effort. NOAA rated the project as responding to RPA 198. CBFWA rated this project as core to the program. Like Streamnet, this project will have to find a niche in the data management arrangement that the region settles on for continued funding support in the future.
- Project 199800401 is funding for the Columbia Basin Bulletin. The staff recommends this project because of the coordination and information distribution it serves a region that is large and engaged in many fish and wildlife and natural resource activities. The cost to maintain this service is relatively modest at just under \$180,000/year.

- Project 35036 would advance work to identify the mechanisms of stranding of fall chinook in the Hanford Reach. The staff is aware of related work being done by the PUD, but is convinced that this work builds on, and is not duplicative, of that work. The staff is aware that stranding of this area was a live system management topic this year, has been in the past, and will likely be active in the future. Because of the potential to inform real management decisions about operations, the new study appears valuable.
- Project 35047 is a new project to investigate delayed (extra) mortality associated with passing Snake River dams. This NMFS research is related to RPAs 188 and 195, was rated as “Fundable” by the ISRP, and continues to be identified as a Biological Opinion priority.
- Project 199105100 is the University of Washington Monitoring and Statistical support project that Bonneville has traditionally insisted be funded. The project was rated “1” in the NOAA/BPA review. NOAA evaluated the project as addressing RPAs 185, 188, and 190. CBFWA recommended that the project not be funded.
- 198605000 is the ongoing white sturgeon mitigation and restoration project. The staff elevated this project as an important fish and wildlife program project, but recommends that it be reduced in scope and funding by eliminating the artificial production work included as a lower priority element of the proposal.
- Project 199705900 the Oregon Wildlife project, and funds to address the operations and monitoring and evaluation costs to associated with lands previously acquired are recommended for funding.
- Project 1996 01900 is a University of Washington data base support project that is traditionally insisted upon by Bonneville. NOAA comments indicate it addresses RPAs 198, 180, and 152. The ISRP rated in “Fundable.” CBFWA recommended that the project not be funded.
- Project 199803100 is the CRITFC proposal that support implementation of Wy-Kan-Ish-Mi Wa-Kish-Wit. NOAA comments are that the proposal addresses RPAs 152 and 154 and CBFWA rated it “core program.”
- Project 200002900 is an ongoing project focused on lampreys. The project is important to the coordination of the other work supported in prior provincial reviews, and was rated as “Urgent” by CBFWA.

Staff Tier 2 Projects

The accompanying table includes a Tier 2 group of projects that the staff believes are the next highest priorities within the MSSW, but cannot be funded within the available allocation. This Tier 2 includes all other projects rated by NOAA/BPA as 1 or 2 in terms of Biological Opinion “criticality”, and all other projects that rated “Urgent” by CBFWA.

The total cost of the Tier 2 projects is slightly more than \$3 million in Fiscal Year 2004 and approximately \$3.5 million in each of the next two fiscal years. Again, the staff recommends that *if* additional funding is available in Fiscal Year 2004, that these Tier 2 projects would have to compete on equal footing with any other funding needs now known or to be identified in the future.



June 3, 2003

Judi Danielson, Chair
Northwest Power Planning Council
450 West State
Boise, ID 83720-0062

Therese Lamb, Acting VP - EFW
Bonneville Power Administration
905 NE 11th Ave.
Portland, OR 97208-3621

Dear Ms. Danielson and Ms. Lamb:

We wish to express our concern over the recent changes in Bonneville's project funding process that have severely impacted the implementation of the Northwest Power and Conservation Council's (Council) Fish and Wildlife Program. We believe that the resulting uncertainty over project funding caused confusion about project budgets, delayed the timely implementation of many projects, and caused unnecessary changes to scopes of work. We also believe that this confusion and delay has eroded the trust between Bonneville Power Administration (BPA) and project sponsors. We wish to propose the development of an interim funding process intended to rebuild trust and return predictability and order to implementation of the Fish and Wildlife Program (Program) through the end of the current Rate Case in 2006 or until agreement is reached on a long-term funding process.

Currently, uncertainty over both project-specific and programmatic funding is reducing the effectiveness of the Program implementation process. For example, the Start-of-Year (SOY) Budget for 2004 and planning budgets for 2005 and 2006 are still unclear. There is currently no process for evaluating and prioritizing project modifications and mid-season adjustments to projects from a regional perspective. Accounting reports that illustrate which projects and/or tasks are actually being implemented by BPA have not been provided so it is unclear how much funding is available for projects in 2004 through 2006. Policies for capitalization of land and water acquisitions and carry-over funding for incomplete objectives and tasks within projects have not been provided. Finally, the accrual management methodology for the Program has not been satisfactorily explained or implemented. These circumstances have created a climate of uncertainty and confusion that needs to be addressed through a comprehensive regional review of the Program implementation process.

Long-term Process

In the Council's February 21, 2003 letter to BPA, strategies were identified to ensure adequate funding is available for the Program, including potential development of a Memorandum of Agreement (MOA). The Members of CBFWA support the development of a long-term agreement to define the implementation processes for the Program. Such an agreement would include:

- BPA's obligations under the Northwest Power Act and the Endangered Species Act;
- the budget levels necessary to meet those obligations;
- assurances for implementation of subbasin and recovery plans;
- the planning process and accounting system necessary to maximize effectiveness and efficiency of Program implementation (budget management);
- resolution of the Program's wildlife crediting policy;
- land and water acquisition and capitalization policy; and
- monitoring and reporting requirements necessary to evaluate implementation of the Program.

Interim Process

Until an agreement on these issues can be reached, CBFWA proposes the implementation of an interim process that would return certainty and stability to the Program for the remainder of the 2002-2006 Rate Case. The attached proposal outlines such a process, but assumes that discussions and negotiations for a long term definition of the Program will continue on a parallel course.

The attached "Interim Process Agreement Proposal" recommends returning to the planning processes that were employed during the previous Program MOA and would rely on the results from the first Rolling Provincial Review as a base for funding decisions. This process would include:

- developing a regionally approved SOY budget and project list in advance of the fiscal year;
- monitoring implementation of the Program through a series of quarterly meetings;
- establishing an unallocated placeholder to insure maximum implementation and flexibility of the Program budget within each fiscal year;
- modifying project budgets through a CBFWA/Council Within-Year Process, and;
- providing sufficient project funding for uncompleted tasks in successive fiscal years (carry-over).

We urge the Council and BPA to commit to the three-year, project specific, implementation plans developed during the process proposed here. The regional fish and wildlife managers engaged in the Council's three-year Rolling Provincial Review process that identified and prioritized fish and wildlife conservation efforts for the Columbia

June 3, 2003
Judi Danielson, NWPPC
Theresa Lamb, BPA
Page 3 of 3

River Basin. The expectation of participants was assurance of a three-year funding commitment. The initial Rolling Provincial Review process is being compromised by use of accrual-based accounting limitations to drive budgeting decisions. Under this process individual project budgets are being reviewed (and potentially altered) on a year-by-year basis. Project sponsors cannot continue to engage in an annual regional prioritization process that detracts them from accomplishing on-the-ground activities.

As you are aware, the majority of our Members do not support the current level of funding for the Program, and some are pursuing additional funding through the appropriate forums including the Safety Net Cost Recovery Adjustment Clause proceedings. Nevertheless, our Members are committed to apply whatever level of funding is made available in a way that is most beneficial to the fish and wildlife of the Columbia River Basin. To do this, it is important that we restore the working relationships that allow the Program to function efficiently and develop a common understanding of the implementation process.

CBFWA staff is available to discuss this proposal further and to answer any questions. Thank you for consideration in attempting to restore certainty in funding and effectiveness in project implementation.

Sincerely,

[signed]

John Palensky, Chair

CC: Members, F & W Managers, CBFWA
BPA Staff & Administrator
NWPPC Members & Staff

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Interim Process Agreement Proposal June 3, 2003

Overview

For the near term, the Columbia Basin Fish and Wildlife Authority (CBFWA) Members recommend that the Northwest Power and Conservation Council (Council) return to the planning and budget management process patterned after the 1996-2001 Bonneville Power Administration (BPA) Fish and Wildlife Memorandum of Agreement (MOA). This would include: 1) developing a regionally approved Start of Year (SOY) budget and project list in advance of the fiscal year, 2) monitoring implementation of the Fish and Wildlife Program (Program) through a quarterly review process, 3) establishing unallocated placeholders to insure maximum implementation and flexibility of the Program budget within each fiscal year, 4) modifying project budgets through a CBFWA/Council Within-Year Process, and 5) providing sufficient project funding for uncompleted tasks in successive fiscal years.

1) Develop a SOY budget prior to the beginning of the Fiscal Year

The annual SOY budget will be developed in two parts: Capital Plan and Annual Implementation Work Plan for Expense projects. Although project contracts may have origination and termination dates throughout the calendar year, the SOY budgets should provide spending plans for discrete federal fiscal years for each project (an amount that the project can spend between October 1 and September 30 each year).

Capital Plan

The CBFWA recommends that a Five-Year Capital Plan be developed to determine which specific projects will be capitalized by BPA, or will be available each year to be capitalized by BPA. This capital plan could be initially developed by Council, CBFWA, and BPA staffs based on recommended projects from the first Rolling Provincial Review Process and sent to CBFWA for regional prioritization and approval. The Council could then provide a public participation process and present a formal recommendation to BPA to implement the five year plan. The Capital Plan should include land and water acquisition opportunities as defined in the Safety Net Cost Recovery Adjustment Clause hearings and BPA's report to Congress on use of borrowing authority.

Annual Implementation Work Plan for Expense Projects

An expedited interim Rolling Provincial Review update, with BPA involvement, should be initiated so each province can construct a revised fiscal year spending plan based on their three-year budget allocation. Each province should also develop a Phase II budget to determine what additional needs and opportunities are available. In this way, the province level work plans could not only establish what should be funded with the limited amount of funds being provided by the BPA, but could also identify Biological Opinion critical projects within each province and demonstrate exactly how much additional funding is necessary to adequately protect, mitigate, and enhance fish and wildlife populations in the Columbia River Basin based on the most current information.

For this expedited funding update, all project budgets should be initially based on the results from the first Rolling Provincial Review as approved by the Council. These budgets should be reviewed and validated by the project sponsors. Since the Program budget has been reduced, no new solicitations should be initiated. Only proposals that were submitted and recommended during the Rolling Provincial Review Process would be eligible for funding during the 2004-2006 period. The CBFWA has developed a within-year budget modification process that allows for new start proposals to be reviewed and prioritized based on available unallocated placeholder funding (see Within-Year Budget Modification Process below).

The CBFWA would provide a review and comment on the proposed province level work plans through a three-year Draft Implementation Work Plan recommendation to the Council. The CBFWA work plan will focus on the needs of the fish and wildlife. Since only projects approved during the Rolling Provincial Review will be included, ISRP review will probably not be necessary for this expedited action.

Finally, in August of each year in coordination with the final quarterly meeting, the Council, BPA, and CBFWA staffs will present a SOY budget for the following fiscal year including potential project specific carry-over needs. This SOY budget will be sent to all project sponsors for review and comments, and then approved and adopted by the Council.

2) Reinstate a quarterly review process

The quarterly review meetings are intended to identify the available funds and direct any within-year project request through the appropriate process. The meetings should be scheduled for each quarter of the fiscal year. At the quarterly meetings, the Council, BPA and CBFWA staffs would track the accrual rates of project implementation and identify the unallocated placeholder funds available for potential within-year requests. This process allows project sponsors in danger of exceeding their spending caps to notify the region early and seek solutions that the region will support. The project representatives would present any budget modification requests. The group would then perform an administrative review of the requests in order to determine urgency and eligibility for review.

3) Establish unallocated placeholders for redistributing un-obligated funds

During the course of contracting, implementation and closing out projects, savings are incurred to the Program. Historically, these savings were collected in an integrated unallocated placeholder. In this way, as other projects established a need for additional funding, an avenue was available for augmenting budgets of ongoing projects to meet unanticipated needs. In the past a placeholder existed for Resident Fish, Wildlife, and Anadromous Fish projects. These “Unallocated Placeholders” should be re-initiated and monitored through the quarterly review process.

4) Within-Year Budget Modification Process

The within-year budget modification process was developed to allow all project sponsors an opportunity to modify, outside the funding cycles, existing projects that have been funded through the Program and new projects that meet specific criteria. The intent of the within-year budget modification process is to provide project sponsors with an opportunity to secure funds from the Program “Unallocated Placeholders” to 1) address emergency situations, 2) modify existing objectives/tasks, 3) change the scope of the project, and/or, 4) address increased costs (e.g., equipment cost increases since initial quote) that are beyond the control of the project sponsor.

For new projects this process specifically applies to 1) proposals that were previously recommended for funding by the CBFWA and Council, but were not funded by the BPA, 2) expansions of scope necessitated by an unanticipated and urgent need of currently funded projects, and 3) new proposals that were not reviewed during the Rolling Provincial Review but address an unanticipated and urgent need that cannot be deferred until solicitation for the applicable province is open.

The CBFWA has adopted guidelines for their within year review process and they are available at <http://www.cbfwa.org/files/BudgetMods/Default.htm>. Each within-year modification request will be reviewed for 1) technical and management deficiencies, 2) ability to address needs identified in the subbasin summaries/plans, 3) consistency with the Council Fish and Wildlife Program and Endangered Species Act Biological Opinions/Recovery Plans, and 4) budget constraints, before it is submitted to the BPA with a “fund” recommendation. The CBFWA would forward their recommendations to the Council for consideration.

5) Carry-Over Policy

The Council and BPA should define a carry-over policy that secures funding for projects that do not complete tasks within a given fiscal year. During the development of the SOY budget, projects should be evaluated to determine how much of their current year budget would not be spent. Projects with significant unspent funds should be evaluated to determine what tasks or objectives would not be completed. For the following fiscal year, those projects deemed justified should be provided additional funding to allow completion of tasks in the following year. These carry-overs would be approved by the CBFWA, Council, and BPA through the annual SOY budget process.

6) Schedule

The following schedule should be implemented immediately to assure completion of a FY 2004 SOY budget prior to October 1, 2003 (see attached schedule and deliverables).

- May – The CBFWA, Council and BPA staffs would draft a description of the review process consistent with the above guidelines for review by the CBFWA, NWPPC, and BPA. The process should be reviewed and approved by CBFWA.

- June – The Council and BPA agree to adopt the SOY process and begin implementation. BPA identifies specific Biological Opinion needs for all provinces.
- Late June through July – The province teams meet and create three fiscal year spending plans based on budget allocation and province priorities.
- August – The CBFWA and Council Fish Four review the province level recommendations and the CBFWA approves a 2004-2006 Draft Implementation Work Plan based on the province level recommendations.
- September – The Council adopts FY 2004-2006 Work Plan.
- Quarterly – Implementation review meetings should be scheduled to provide an opportunity for within year budget modifications and review of the BPA's actual accruals. If accruals begin to show signs of exceeding BPA's cap, programmatic actions will be taken at a regional level to protect BPA's financial condition
- In June-August each year, the outyear SOY budgets will be reviewed and updated and the Capital Plan will be reviewed and updated. This process will also determine the level of carry-over necessary for individual projects.

Conclusion

This process is proposed as an interim measure through the current rate case and to fill the gap until Subbasin Planning is complete. As better accounting is developed and implemented at the BPA and improved Program architecture and process is developed, modifications to this process will be adopted. All parties should increase efforts to redesign the entire implementation process for the Program based on a long term view considering the implications of Subbasin Planning, Recovery Planning, and the development of an implementation agreement that maximizes effectiveness and efficiency within the Program. During restructuring, it is imperative that the BPA and Council include representatives from the CBFWA and other project sponsors to insure that the solutions that are discussed meet the needs of all participants.

Interim Process Agreement Schedule and Deliverables:

Task Name	2003												2004											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
NWPCC Fish Four/Council meeting - approval of Interim Process Agreement with budget allocation, BPA provide statement of support for process						◆ 6/10																		
Rolling Province Review - province work groups (with BPA involvement) develop 3-Year Spending Plans based on budget allocation						■																		
CBFWA MMG meeting - review and comment on Province Work Group proposed 3-Year Spending Plans through development of a Draft FY 2004-2006 Draft Implementation Work Plan (DIMP)							◆ 7/29																	
NWPCC Fish Four meeting - review Province Work Group proposed 3-Year Spending Plans and CBFWA DIMP and prepare decision document							◆ 8/12																	
NWPCC Meeting (September) - Approve FY2004-2006 Spending Plans																								
Quarterly Review Meeting - 1st meeting, SOY corrections												◆ 12/17												
Quarterly Review Meeting - 2nd meeting, within year requests															◆ 3/17									
Quarterly Review Meeting - 3rd meeting, within year requests																			◆ 6/16					
Develop FY 2005 SOY Budget - NWPCC staff, BPA staff and CBFWA staff ground truth FY 2005 Start of Year budget																		■						
Quarterly Review Meeting - 4th meeting, determine carry-over needs for FY 05, within year requests																					◆ 8/18			
NWPCC adopt FY 2005 SOY Budget																					■			

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