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Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

April 8, 2005

In reply refer to: KEW-4

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

Dear Mr. Marker:

In accordance with current Budget Oversight Group (BOG) process for reviewing requests for within-year project budget and/or scope adjustments, and with review by the BOG members, Bonneville Power Administration (BPA) is presenting the Northwest Power and Conservation Council (Council) with those requests that it supports. BPA will consider the Council recommendations on these requests, and reassess the status of its contract commitments, billings to date, and end-of-year accrual projections before making a final decision to adjust individual project budgets. For additional project-specific information, please review the Columbia Basin Fish and Wildlife Authority (CBFWA) website for Within-Year Budget Adjustments (<http://www.cbfgwa.org/mods/components/forms/Login.cfm>).

The current BOG process incorporates the use of a set of criteria to rank the project requests. These criteria have been discussed only within the BOG and have not been reviewed or "officially" adopted by the parent organizations of BOG members, i.e., the Council, BPA or CBFWA. If more formally recognized, these criteria could be used to streamline the process and increase the efficiency of the Within-Year Budget Modification considerations.

The proposed categorization and ranking scheme is as follows:

<u>Category</u>	<u>Priority</u>
Emergency	1
Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish or wildlife resources; imminent threat to human health or safety.	
ESA Commitment of BPA	2
A new or ongoing project that directly implements actions committed to in the November 24, 2004 Updated Proposed Action and were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the ESA. Except in extraordinary circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to BPA approval.	

Project Integrity **3**

Actions necessary for the project, though not of an emergency nature, and including major project review (i.e., step review), to avoid the loss of a previous investment; that, if not taken, would:

- a. Jeopardize the performance of the entire project;
- b. Jeopardize the performance of a discrete task or objective of the project causing:
 1. adverse biological consequences to the project;
 2. loss of critical monitoring and evaluation data;
 3. loss of capability to administer the project.

Lost Opportunity **4**

New or ongoing projects that respond to a limited opportunity to benefit the fish and wildlife resource and that opportunity will be permanently lost if the project or work element is not implemented.

Other **5**

Any project not falling into the four categories defined above.

Projects on the current CBFWA website requesting within-year budget adjustments were placed into the above categories by the BOG members. That process is reflected in the following list of projects. At this point in the fiscal year, BPA believes sufficient expense and capital funds are available to allow these requests to move forward and BPA is seeking Council support for these budget adjustments for fiscal year (FY) 2005.

Project Funding Requests

Project No. 1991-047-00

Project Name: Sherman Creek Hatchery O&M

Budget Amount Requested: \$8,918

Funding Category: Expense

BOG Category: **1**

The sponsor originally requested \$11,530 to fund the rehabilitation of an existing well for the hatchery's domestic water supply. Subsequent to the original estimate, the funding request has been modified to \$8,918, based on competitive bidding. This request addresses a project health and safety concern.

Project No. 1985-038-00

Project Name: Colville Tribal Hatchery O&M

Budget Amount Requested: \$50,000

Funding Category: Expense

BOG Category: **1**

The sponsor requested \$50,000 to pay for replacement of two pumps at the hatchery. Since this was an emergency, the Colville Tribe has already replaced the pumps and is seeking reimbursement.

Project No.: 2003-017-00

Project Name: Integrated Status and Effectiveness Monitoring Program (Pilot Studies)

Budget Amount: \$350,000

Funding Category: Expense

BOG Rating: 2 (Sponsor missed submission deadline for March BOG, but time sensitive)

BPA is continuing to expand the work under Project No. 2003-017-00, Integrated Status and Effectiveness Monitoring Program (Pilot Studies), which has a FY05 SOY budget of \$1,515,000. This work is a critical component of tributary status monitoring and action effectiveness research called for in the 2000 and 2004 NOAA BiOps for the FCRPS. It has received positive, enthusiastic support from the ISAB and ISRP reviews and briefing presentations. This project supports the monitoring coordination and common protocol objectives of the Pacific Northwest Aquatic Monitoring Partnership (PNAMP). It will help guide the restructuring and standardization of current monitoring efforts and the development of a programmatic approach to status and action effectiveness monitoring for the Columbia Basin Fish and Wildlife (F&W) Program.

The ISRP supported this work through their review of the initial proposal in 2003, and the ISRP/ISAB gave their additional support for the design of this monitoring work through their review of the RM&E Plan for the 2000 FCRPS BiOp and the associated Monitoring Strategy for the Upper Columbia in January 2004 (ISRP document 2004-01). Currently, Phase I design work in the Upper Columbia, John Day, Upper Salmon, and Clearwater, as well as phase II implementation work in the Upper Columbia, is covered by ISRP reviews. Additional funding of \$350,000 is needed in FY05 to plan for and implement this expanded work, as outlined in the RM&E Plan and the Action Agencies' Updated Proposed Action, in new geographic areas and to support data management needs of these pilot studies. Additional ISRP reviews will be requested for Phase II work in the John Day, Upper Salmon, and Clearwater.

The full costs of this expansion will be realized in FY06 with the budget increasing by \$1,325,000 to a total FY06 project level budget of \$2,840,000. This work will continue to be coordinated with the PNAMP working groups, the Federal Caucus RM&E Team, the Upper Columbia Regional Technical Team (Washington Salmon Recovery Funding Board), the John Day Analytical Framework Workgroup, and the Collaborative Systemwide Monitoring and Evaluation Project. We look forward to working with Council staff to apply the monitoring approaches and standardized protocols being developed under this project to other geographic areas of the F&W Program and to schedule additional ISRP review of any FY06 work that is not currently covered by ISRP reviews.

Project No.: 2005-001-00

Project Name: RM&E Estuary Pilot Project

Budget Amount FY05: \$80,000

Funding Category: Expense

BOG Rating: 2

BPA proposes to initiate this new project to enable the Action Agencies (AA's) to achieve specific goals identified in NOAA Fisheries' 2004 Biological Opinion and the AA's draft Implementation Plan for the Updated Proposed Action, dated March 2, 2005.

A general description and need for this project is included in the AA's "Plan for Research, Monitoring, and Evaluation of Salmon in the Columbia River Estuary" (Estuary RM&E Plan) (final draft August 10, 2004). The Estuary RM&E Plan was submitted to the ISRP for review in August 2004. In a letter, dated November 18, 2004, from the ISRP to the Council regarding their review of the Estuary RM&E Plan, the ISRP expressed their support for a pilot project in the estuary by stating, "The ISRP also agrees with the plan to conduct a pilot study." The ISRP further states that additional emphasis and research needs to be conducted in "...the part of the estuary extending from RM 46 to Bonneville Dam." The RM&E Estuary Pilot Project will be conducted in the upper estuary below Bonneville Dam.

The ISRP reviewed the Estuary/Plume RM&E Plan and commented on the pilot monitoring study. This excerpt is from ISRP 2004-16, p. 10 first full paragraph (emphasis added):

"The ISRP strongly supports the Plan's proposed use of standard methods for status monitoring and action effectiveness research throughout the estuary to the extent possible to facilitate estuary-wide and basin-wide evaluations. The Estuary RM&E and Habitat Monitoring Plans should coordinate and clarify the basic structure that they are recommending for their sampling designs. **The ISRP also agrees with the plan to conduct a pilot study.** The ISRP's comments on the use of habitat classification as a basis for sampling design in the Habitat Monitoring Plan (see above) are also pertinent to the estuary RME plan."

In FY05, the goals of the RM&E Estuary Pilot will be 1) to prepare for an FY06 study to determine presence through time of subyearling Chinook salmon at the Sandy River delta in the tidal freshwater reach of the Columbia River, and 2) to integrate pertinent results from other estuary monitoring studies. Tasks include collection of baseline data for the study area, obtaining permits for possible FY06 activities, and planning and coordination.

BPA will ensure that FY06 proposed tasks under this project would be reviewed by ISRP prior to implementation.

Project No. 1991-046-00

Project Name: Spokane Tribal Hatchery O&M

Budget Amount Requested: \$83,000

Funding Category: Expense

BOG Category: **3a**

The sponsor has requested an additional \$83,000 to fund on-going O&M of the hatchery. The work that this funding would address was performed in FY04 under a cost-reimbursement contract. The sponsor predicted a funding shortage in FY 04 and requested a within-year budget increase in FY04 to cover the anticipated deficit. BPA asked the sponsor to wait until actual expenditures through September 2004 could be calculated, at which time the request would be reconsidered.

The need for additional funding during the contract year was not a result of the contractor invoicing for work performed beyond the scope of the project. During contract transition between fiscal years, the performance period of the contract was extended (e.g., a no cost-time extension) to complete work under an existing contract. That work, as well as on-going project implementation work contributed to a deficit that carried over into the following contract periods and budgets. To cover this deficit, funding from the next fiscal year was used. This request will cover the rolling deficit and put the project within the authorized \$536,000 budget for the contract year. Not authorizing these expenditures puts the basic hatchery operation at risk.

Project No. 1993-035-01

Project Name: Lower Red River O&M

Budget Amount Requested: \$99,570

Funding Category: Expense

BOG Category: **3a**

The sponsor requested \$99,570 (assumes a 12 month contract) for immediate initiation of O&M activities on the existing property purchased under this project, i.e., the Little Ponderosa Ranch. This project does not have a current FY05 budget because the past sponsor did not want to continue with the project. Estimated FY05 costs would be about \$71,689 out of the total amount requested. It has taken until now for a new sponsor (IDFG) to develop a budget and SOW that provides for a continuation of past O&M actions on the property as approved in the Mountain Snake provincial review.

The scope of the work includes restoring vegetation to the riparian areas through direct planting, and maintaining current vegetation exclosures to allow for sufficient plant growth to overcome heavy browsing. IDFG, through adaptive management, has now developed planting and maintenance techniques that will produce high survival. This current scope of work is a bare bones effort to implement these techniques to maintain current plantings and restore past unsuccessful plantings. This work is within the original objectives and tasks approved during the Mountain Snake provincial review and include the types of actions expected for long-term O&M of acquired fish and wildlife properties.

Project No.: 1987-099-00

Project Name: Dworshak Dam Impacts Assessment and Fisheries Investigations

Budget Amount: \$50,000

Funding Category: Expense

BOG Rating: **3b1**

The Council recommended an FY05 budget of \$160,000 for this project, with the directive that the project be closed-out at the end of the year. The sponsor stated that the proposed funding level was not sufficient to effectively execute the project, even at a reduced scope. The sponsor believes that the ISRP review suggested that the entire project end because one task (strobe light testing), under the broad objective with many other on-going tasks (long-term data sets & surveys), should/would be nearing completion in FY04. The sponsor agreed the task of strobe light testing would be nearing completion, but not the entire project. The sponsor believes that the project's biological objective has not been achieved, and testing of strobe lights completed only one of the tasks aimed at achieving the biological objective. The project sponsor is ready to proceed with permanent installation of strobe lights at the turbine intakes at the dam; they are planning and budgeting for the final installation. The work to be completed under this request is critical for determining an appropriate installation plan (placement and design) for strobe lights, as well as potentially determining population level effects of entrainment (annual mortality due to entrainment). Not completing this work would result in loss of data from the recently installed fixed-site transducer.

Project No. 1987-127-00

Project Name: Non-Federal Smolt Monitoring Program

Budget Amount Requested: \$21,262

Funding Category: Expense

BOG Category: **3b2**

The sponsor initially requested \$60,000 to staff the monitoring of the separator at Bonneville Dam's juvenile fish bypass facility. This request was discussed at the BOG meeting on January 12, 2005. BPA authorized \$10,000 on March 2, 2005, to allow PSMFC to perform this task to ensure that smolt monitoring could occur during passage of Spring Creek hatchery fish. In the meantime, PSMFC has identified \$28,738 in PIT tag cost savings that can be applied to the BON separator monitoring task. That leaves \$21,262 of additional funding authorization needed to complete this task during FY05.

Project No. 1991-029-00

Project Name: Effects of Summer Flow Augmentation on Snake River Fall Chinook

Budget Amount Requested: \$45,000

Funding Category: Expense

BOG Category: **3b2**

The sponsor requested \$45,000 to fund a third year of this study. This request was discussed at the BOG meeting on February 9, 2005. Radio tags must be ordered now to ensure their delivery in time for the work. The third year of work is necessary in order to provide a more complete data set, without which the investment in this study would be diminished.

Project No.: 2001-055-00

Project Name: Salmonid Response to Fertilization

Budget Amount: \$113,750

Funding Category: Expense

BOG Rating: **3b2**

One of the goals of this project is to learn whether salmon nutrients (i.e., salmon carcasses) improve conditions for juvenile salmonids. The experimental component of this project has not been completed due to delays in obtaining specific permits. These permitting delays have resulted in the project duration being extended from 2 ½ years to 3 ½ years. In order to complete the study, the sponsor needs to process the invertebrate samples that have been collected. The additional FY05 funds requested would be used to complete this important work. By measuring nutrient concentrations, the biomass and production of algae and macroinvertebrates (i.e., fish food), and density and survival of juvenile salmon among streams, the sponsor can estimate whether streams with higher nutrients support more productive food webs and subsequently better conditions for juvenile salmon and steelhead.

Macroinvertebrate data are the only data currently missing. Samples have been collected, but they need to be processed. Without these data, one of the most crucial pieces in the productivity web will be missing and the sponsor will not be able to fully describe the effects of marine derived nutrients on threatened salmonids and their habitats. BPA supports this request.

Project No.: 1995-013-00

Project Name: Resident Fish Substitution Program

Budget Amount: \$26,044

Funding Category: Expense

BOG Rating: **3b3**

The sponsor has stated that lack of the requested additional funds in FY05 would cause the project to fail because primary goals would not be accomplished (ongoing stocking and monitoring of fishery). The project sponsor states that this project needs a permanent yearly increase of \$26,044 for basic funding of O&M activities such as stocking, site maintenance, and equipment repair and replacement. According to the sponsor, because of the persistent budget shortfalls since 2001, crucial work performed during the busiest part of the contract year (spring and early summer field season when fish stocking operations are performed and angler fishing effort is at its peak) is at risk of not being performed due to lack of funding.

We compared the costs of this project to Duck Valley Reservoir Fish Stocking and Operations and Maintenance (1995-015-06). Approximately 75% of the tasks are similar between projects, i.e., stocking fish, M&E of water bodies and fish conditions, creel census, I&E, and maintenance of the ponds and associated facilities. These are within the original Objectives and Tasks approved under the Mountain Snake provincial review. The Duck Valley project maintains three ponds and this project maintains two ponds. Average salary costs (all staff combined) are slightly higher for the NPT Trout Ponds (approximately 4%) but there is more time spent per

pond for the NPT Trout Ponds project. Cost per pond is approximately 26% higher for the NPT Trout Ponds compared to the Duck Valley ponds. Although these are substantial differences, if the NPT Trout pond project is to maintain its current level of activity, which is within the scope of the original approved Objectives and Tasks, BPA believes this request should be supported.

Project No.: 1983-350-00

Project Name: Nez Perce Tribal Hatchery O&M

Budget Amount: \$250,000

Funding Category: Capital

BOG Rating: **5**

The NPT is requesting additional FY05 capital funds to bring three-phase power to the Luke's Gulch rearing site and well. The funds would be used to cover the costs of BPA's real estate requirements, purchase private and tribal owned easements, easement titles, cultural resource assessment subcontract, and to purchase access frontage (Newman property) to ensure site access, and any other essential accessories needed to complete power installation to the site. This request would provide for three-phase power with one backup propane generator for the surface water pumps with a payback period of approximately five years. This payback period is based on current fuel costs and four months of operation per year. Fuel costs will continue to escalate and a four-month operation period is conservative, at best. This analysis includes the cost of the power line easements, surveys and timber clearing.

The cost of the access or road easement into the property (approximately \$55,000) was not included in the analysis. The \$55,000 cost would be pursued even without considering the option of bringing in three-phase power because there is a need to secure permanent access to the site under all alternatives. The landowner has put the property up for sale and has no interest in a formal access agreement with the Tribe.

We believe this option is economically viable given the five-year payback period out of a possible 15 – 20 years required to determine the value of the site as a permanent acclimation facility. In addition, three-phase power provides increased facility operation reliability, reduced generator maintenance labor costs, and would be a buffer against potential cost increases of fossil fuels. Over this time period, installing the power line will be cost-effective.

Project No.: New

Project Name: Federally Funded Hatchery Energy Efficiency Improvements

Budget Amount: \$50,000

Funding Category: Expense

BOG Category: **5**

BPA staff has identified at least 16 BPA-funded hatcheries that could benefit from energy efficiency upgrades. BPA funds the annual O&M of these hatcheries through the F&W Program. With an up-front investment in energy efficiency improvements at these hatcheries, the annual O&M budgets should reflect considerable savings. With a commitment of F&W

Program funds for the actual energy efficiency upgrades, BPA's internal Office of Energy Efficiency would fund and conduct energy audits of selected hatcheries in FY05. The requested \$50,000 would be used in FY05 to determine priority of implementation based on the findings of the energy audits and to initiate the energy efficiency improvements. BPA's Energy Efficiency Office has estimated that an FY06 budget of \$100,000 would complete the upgrades at the 16 hatcheries. Please refer to Bill Maslen's letter to you, dated September 23, 2004, for additional detail regarding this proposed program.

In summary, the total of expense funding requested in this letter is \$977,544. The total of capital funding requested is \$250,000. We believe these projects are consistent with: (1) priorities identified during previous Council provincial reviews; (2) with the Action Agencies' UPA; or (3) other BPA and Council discussions, as in the case of the Federally Funded Hatchery Energy Efficiency Improvements project.

Again, we are considering these requests in context of current contract commitments, billings to date, and end-of-year accrual projections. However, we believe we are near the limit of our financial exposure on the expense side of the budget for the year. This poses a significant challenge since Within-Year budget adjustment requests continue to be made and we cannot predict the relative priority of these requests ahead of time.

Please feel free to contact either Greg Dondlinger at 503-230-5065 or me at 503-230-5499 for further information or if you have any questions.

Sincerely,



William C. Maslen
Director for Fish and Wildlife

cc

Mr. Mark Fritsch, Northwest Power and Conservation Council
Ms. Patty O'Toole, Northwest Power and Conservation Council
Mr. Karl Weist, Northwest Power and Conservation Council
Ms. Stacy Horton, Northwest Power and Conservation Council
Ms. Joann Hunt, Northwest Power and Conservation Council
Mr. Kerry Berg, Northwest Power and Conservation Council
Mr. Rod Sando, Columbia Basin Fish and Wildlife Authority
Mr. Tom Iverson, Columbia Basin Fish and Wildlife Authority
Ms. Amy Langston, Columbia Basin Fish and Wildlife Authority