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January 31, 2008

## DECISION MEMORANDUM

**TO:** Council Members

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

**SUBJECT:** Follow-up action for the Nez Perce Tribe (NPT) and Nez Perce Soil and Water Conservation District (NPSWCD) projects in Lapwai and Big Canyon creeks

**PROPOSED ACTION:** Lapwai Creek Projects: Council staff recommends that the NPT and NPSWD have adequately addressed the conditions placed on the Lapwai Creek projects as part of the Fiscal Year 2007 - 2009 funding recommendations.

Big Canyon Creek Projects: Council staff recommends a transition in Fiscal Year 2008 and 2009 as defined and conditioned by staff. This is conditioned with the understanding that after Fiscal Year 2009 the projects will be closed out.

**SIGNIFICANCE:** The proposed actions will address the conditions placed on these projects as part of the Fiscal Year 2007 - 2009 funding recommendations and will allow the sponsors to implement field work as defined by the Council staff. ESA-listed Snake River steelhead will benefit from these four projects, but the projects collectively will be more scientifically credible and therefore more effective in the long run if they are pursued in a coordinated fashion under the umbrella of a single, future project.

## BUDGETARY/ECONOMIC IMPACTS

The Council confirms the recommended expense budgets as outlined in the table below. In addition, the proposed action will yield savings of \$31,631 in Fiscal Year 2008 and \$178,631 in Fiscal Year 2009.

Project #	Project Title	Sponsor	Budget <sup>1</sup>			Proposed Action	
			FY 2007	FY 2008	FY 2009	FY 2008	FY 2009
1999-015-00	<i>Big Canyon Fish Habitat</i>	NPSWCD	\$130,000	\$161,631	\$161,131	\$130,000	\$65,000
1999-016-00	<i>Protect &amp; Restore Big Canyon Creek Watershed</i>	NPT	\$165,000	\$165,000	\$165,000	\$165,000	\$82,500
1999-017-00	<i>Protect &amp; Restore Lapwai Creek Watershed</i>	NPT	\$389,765	\$389,765	\$389,765	No change	
2002-070-00	<i>Lapwai Cr. Anadromous Habitat</i>	NPSWCD	\$130,000	\$259,651	\$259,651	No change	

**BACKGROUND**

These projects address fish and aquatic habitat needs in Big Canyon and Lapwai creeks in the Clearwater River Basin of Idaho. The Nez Perce Tribe (NPT) and Nez Perce Soil and Water Conservation District (NPSWCD) are collaborating to protect, restore, and return critical steelhead spawning and rearing habitat these principal Clearwater tributaries using a ridgetop-to-ridgetop watershed restoration approach.

Based on a review of the projects by the Independent Scientific Review Panel (ISRP document 2006-6),<sup>2</sup> the Council made the following recommendations to Bonneville in October 2006:

NPT

- 1999-016-00, *Protect & Restore Big Canyon Creek Watershed*: ISRP fundable in part. Funding in FY 2007 to complete reports on abundance, habitat status and a comprehensive presentation of prioritized restoration projects. Funding for restoration actions in 08 and 09 is conditioned on favorable ISRP and Council review of revised proposal linked to completed reports (per ISRP comments). 2007 Revised Budget: Significant reductions in salaries (FTEs), implementation tasks, land leasing, and NEPA/Cultural consultations. Implementation of proposed tasks at 100% is dependent on the acquisition of supplemental funding. Recommended budgets: FY07: \$165,000 FY08: \$165,000 FY09: \$165,000
- 1999-017-00, *Protect & Restore Lapwai Creek Watershed*: ISRP fundable in part. Funding in FY 2007 to complete reports on abundance, habitat status and a comprehensive presentation of prioritized restoration projects. Funding for restoration actions in 08 and 09 is conditioned on favorable ISRP and Council review of revised proposal linked to completed reports (per ISRP comments). 2007 Revised Budget: Significant reductions in salaries (FTEs), implementation tasks, land leasing, and NEPA/Cultural consultations. Implementation of proposed tasks at 100% is dependent on the acquisition of supplemental funding. Recommended budgets: FY07: \$389,765 FY08: \$389,765 FY09: \$389,765

NPSWCD

- 1999-015-00, *Big Canyon Fish Habitat*: ISRP not fundable. Recommended budgets: FY07: \$0 FY08: \$0 FY09: \$0
- 2002-070-00, *Lapwai Cr. Anadromous Habitat*: ISRP fundable in part: funding in FY 07 for completion of inventory and assessments. Recommended budgets: FY07: \$260,000 FY08: \$0 FY09: \$0

As you will note, the Council recommended funding both of the Nez Perce projects in Fiscal Years 2008 and 2009 but only one of the Conservation District projects, and that one just for Fiscal Year 2007. In developing its Implementation Planning Budgets for Fiscal Years 2007-2009, Bonneville recognized that a unique land-ownership pattern links these four projects:

<sup>1</sup> Bonneville’s Implementation Planning Budget.  
<sup>2</sup> The ISRP provided a “Fundable (Qualified)” for the project.

*“To effectively restore habitat in this watershed, there needs to be a joint prioritization of all projects based on highest restoration effect and not upon property boundaries or traditional areas of work. The tribal, private, state and federal lands are intermingled which requires one coordinated prioritization to assure work is completed first where it is most needed.”*

Accordingly, Bonneville funded all four projects with the conditions that the sponsors address the Council’s concerns (i.e., complete reports on abundance, habitat status and a comprehensive presentation of prioritized restoration projects). Funding in Fiscal Years 2008 and 2009 is contingent upon the successful completion of a revised proposal that clearly prioritizes specific restoration actions based on analysis and interpretation of the existing fish presence, abundance, and habitat status data in the Lapwai and Big Canyon Creek watersheds.

On October 22, 2007, the Council received the response of the NPT and NPSWCD to the issues and concerns raised by the ISRP (ISRP Document 2006-6). The submittal included a cover letter and two documents. These were transmitted to the ISRP, which submitted its review to the Council on December 13, 2007 (ISRP document 2007-18). The ISRP found that the two Lapwai Creek projects “*Meet Scientific Review Criteria (Qualified)*” and asked that the sponsors revise the strategy document to incorporate the following:

- biological objectives for the focal species (abundance and productivity for *O. mykiss*),
- an evaluation of how and to what extent project actions will specifically ameliorate steelhead limiting factors by life-stage and lead to achieving abundance and productivity objectives
- separate prioritizations for both preservation and restoration, and
- basic yet meaningful monitoring of stream habitat and steelhead responses to project actions. Such a revision could take the form of an addendum to the document and be reviewed prior to initiating restoration actions.

The ISRP found that the two Big Canyon Creek projects “*Do Not Meet Scientific Criteria.*” The ISRP said there is no clear basis to conclude that improved environmental conditions that might result from restoration actions would yield demonstrable benefits for fish in the watershed.

On January 18, 2008, the Council and Bonneville received two sets of letters and a map and figures from the NPT and the NPSWCD. The set pertaining to Lapwai Creek provided the responses to the ISRP’s concerns. The set addressing the Big Canyon Creek projects, including the maps and figures document, provided further explanation and information to assist in the Council decision.

## **ANALYSIS**

The review provided by the ISRP was very extensive and complete. The review not only provided detail, but with regard to the Lapwai projects extensive suggestions on how to improve the approach used to assign priorities. The review demonstrates that the ISRP felt that the proposals merited such extensive comments. Many of the comments focused on Lapwai Creek, which the ISRP stated warranted support due to the “*inherent potential for aquatic production.*” Based on this potential, the ISRP requested that its concerns be addressed in an addendum to the strategy document.

Council staff believes that the ISRP review pitted tributary against tributary (e.g., both project solicitation and allocation principles) while the emphasis should be focused on the biological needs of the focal species collectively in these principal tributaries of the lower Clearwater. Instead of two projects proposed in the Big Canyon Creek watershed and two proposed in the Lapwai Creek watershed, the next proposal might attempt to cover several of the watersheds that comprise the lower Clearwater area, Lapwai, Big Canyon, and Potlatch Creeks in one integrated proposal.

Council and Bonneville staff determined that the sponsors in their letter have adequately addressed the four qualifications identified by the ISRP for the Lapwai projects. One exception to the ISRP qualifications is the need to develop a monitoring plan. The issue of project-level monitoring will be addressed during the fish and wildlife program amendment process within the context of a regional monitoring and evaluation strategy. Currently, biological, chemical, and physical monitoring and evaluation of habitat improvement actions is limited by lack of a regional plan and uncertainty about what the right funding levels should be for monitoring of habitat type projects. Given these constraints, the funding and scope of the monitoring is at a reduced but adequate level. Therefore, Council staff believes that the sponsors have adequately addressed the conditions placed on the projects.

However, at this time, the Council staff can not provide a favorable recommendation regarding the two Big Canyon Creek projects. These projects, based on the extensive ISRP reviews, do not meet scientific criteria. The information received from the sponsors on January 18<sup>th</sup> provided a better understanding of the importance of Big Canyon Creek by highlighting that the steelhead that currently use this watershed are a key component of the ESA-listed Snake River steelhead population. The response also confirmed that habitat improvement actions in the middle and lower portions of the watershed are inextricably linked to the headwaters. The ISRP noted the biological aspects in its review but placed the emphasis on Lapwai Creek and its potential ability to sustain a wild steelhead population. The goals of the Big Canyon Creek projects are admirable, and any improvements to the watershed would be beneficial, but it seems that these projects need a refined approach in order to clearly define specific habitat improvement actions that could produce measurable benefits to steelhead, the focal species.

Based on the ISRP review, the Council staff recommends that the Big Canyon Creek projects transition in Fiscal Year 2008 and 2009 to address only on-the-ground commitments that implement agricultural and livestock practices in the headwaters, and passage and habitat improvement actions that benefit the focal species in the middle and lower reaches of the watershed. Future funding of projects in Big Canyon Creek will depend on a favorable review. Staff anticipates these projects will be closed out after Fiscal Year 2009 but that their proposed activities could be included in a future proposal.