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Oregon

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Oregon

April 3, 2008

## MEMORANDUM

**TO:** Fish and Wildlife Committee members

**FROM:** Patty O'Toole, Peter Paquet

**SUBJECT:** Wildlife Managers response to draft Council letter

At the January Fish and Wildlife Committee meeting, the Committee considered a draft letter to Bonneville regarding recommendations for addressing issues pertaining to wildlife operation and maintenance projects in the Fish and Wildlife Program. At the Committee meeting, several wildlife managers addressed the Committee and asked that the Committee not make a recommendation to the full Council to send the draft letter, but to instead to allow the wildlife managers time to review and respond to the 2007 IEAB reports on task numbers 116 and 117. The Committee granted the request and requested that the wildlife manager return to meet with the Committee in 90 days to discuss the reports, their review of the reports and the draft letter to Bonneville.

The wildlife managers have completed their review of the IEAB reports and the review is attached to this memo. Representatives of the wildlife managers will address the Committee at the April meeting to discuss their review and issues pertaining to the draft letter to Bonneville. The draft letter from January is attached. The wildlife managers have suggested alternative language, also attached that may be discussed at the April meeting.

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# COLUMBIA BASIN FISH AND WILDLIFE AUTHORITY

851 SW Sixth Avenue, Suite 300 | Pacific First Building | Portland, OR 97204-1339  
Phone: 503-229-0191 | Fax: 503-229-0443 | Website: [www.cbfwa.org](http://www.cbfwa.org)

February 20, 2008

Mr. Bill Booth, Chairman  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204-1348

Dear Chairman Booth:

The Columbia Basin Fish and Wildlife Authority member agencies and tribes (CBFWA Members) have reviewed the Independent Economic Analysis Board's (IEAB) reports to the Northwest Power and Conservation Council (NPCC) on Task Numbers 116 and 117. We are providing comments on these Task Reports to you because of the direct relationship of their findings to the identification, funding, and management of wildlife mitigation projects. We have provided more details in the attached reports and briefly summarize our comments below:

## Task Number 116: *Investigation of Wildlife O&M Costs*

- We appreciated the IEAB working with CBFWA Members to provide information and background for this task order.
- We agreed with the conclusion that PISCES currently does not provide adequate information for cost benchmarking for operations and maintenance (O&M) and should not be used for these comparisons.
- We appreciated that the IEAB found comparable costs between the NPCC Fish and Wildlife Program mitigation projects and other (non-related) habitat projects across the region.
- We are concerned about implementing some of the compensation-based and competition-based incentives identified by the IEAB.
- We agreed with the IEAB's recommendation to consider pathways for more flexible funding and long-term contracts as a relatively easy approach to achieve significant cost-savings. We also encourage the NPCC and the IEAB to consider long-term settlement agreements to improve cost efficiencies.

## Task Number 117: *Continuing Investigation of Alternative Strategies for Habitat Acquisition*

- CBFWA Members were not provided an opportunity for involvement in the development of Task Number 117 despite our history and experience with habitat acquisitions.
- We support the need for the Region to clarify the issues and complexities associated with habitat unit (HU) accounting.
- There are numerous challenges in developing partnerships with other entities to complete wildlife mitigation, particularly if the objectives of other potential partners are not consistent with the Fish and Wildlife Program.
- Participation in emerging markets for environmental attributes does not fulfill the defined wildlife mitigation obligations of the Bonneville Power Administration (BPA).

Coordinating and promoting effective protection and restoration of fish, wildlife, and their habitat in the Columbia River Basin.

The Authority is comprised of the following tribes and fish and wildlife agencies:

Burns Paiute Tribe

Coeur d'Alene Tribe

Confederated Salish and Kootenai Tribes of the Flathead Reservation

Confederated Tribes of the Colville Reservation

Confederated Tribes of the Umatilla Indian Reservation

Confederated Tribes of the Warm Springs Reservation

Confederated Tribes and Bands of the Yakama Nation

Idaho Department of Fish and Game

Kootenai Tribe of Idaho

Montana Department of Fish, Wildlife and Parks

National Marine Fisheries Service

Nez Perce Tribe

Oregon Department of Fish and Wildlife

Shoshone-Bannock Tribes of Fort Hall

Shoshone-Paiute Tribes of Duck Valley

U.S. Fish & Wildlife Service

Washington Department of Fish and Wildlife

Coordinating Agencies

Columbia River Inter-Tribal Fish Commission

Upper Columbia United Tribes

Compact of the Upper Snake River Tribes

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In conclusion, the IEAB reports outlined the complexities involved in managing habitats and largely supported a number of the recommendations that the wildlife managers proposed including long-term contracts and funding flexibility. We thank you for your attention to these comments. We also appreciate the NPCC's decision to postpone implementation action pursuant to the IEAB recommendation pending coordination with the fish and wildlife managers. We look forward to continuing discussions with the NPCC to develop recommendations for improved program efficiency.

If you have any questions, please contact Ken MacDonald, CBFWA Research, Monitoring and Evaluation, and Wildlife Mitigation Coordinator, at 503/229-1091.

Sincerely,



Larry Peterman, Chair  
Columbia Basin Fish & Wildlife Authority

Enclosures 2

1. Attachment I: CBFWA Comments on IEAB Task Number 116: Investigation of Wildlife O&M Costs
2. Attachment II: CBFWA Comments on IEAB Task Number 117: Continuing Investigation of Alternative Strategies for Habitat Acquisition

cc: NPCC Members and Staff  
CBFWA Members

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**Attachment I:  
Columbia Basin Fish and Wildlife Authority (CBFWA) Comments on  
IEAB Task Number 116: Investigation of Wildlife O&M Costs  
February 20, 2008**

Introduction

Dr. Roger Mann and the IEAB worked closely with the Wildlife Advisory Committee (WAC) during the development of Task Number 116: *Investigation of Wildlife O&M Costs*. The WAC appreciated the opportunity to provide information and background to the IEAB on this Task Number. We ask that the fish and wildlife managers be consulted for future IEAB analyses of fish and wildlife project costs to allow for input at the earliest possible stage.

Cost Benchmarking with PISCES

We agree with a number of the conclusions from this report including the problems and potential bias associated with using PISCES for cost benchmarking for operations and maintenance (O&M). We also agree with the IEAB's conclusion that "there is no simple set of numbers or an equation that can be used for cost benchmarking without substantial potential for error" (p 7 Task Order 116). There is considerable variation in O&M costs and this variation is not due to a simple set of factors. Management costs are derived from the array of different management objectives, habitat types, size and context considerations, and histories associated with wildlife projects across the basin.

The IEAB accurately described the problems associated with using PISCES as a cost accounting tool. The structure and reporting requirements of PISCES do not allow for an accurate accounting of the costs related to specific management actions. PISCES was developed as a contracting and reporting tool. It was not designed to track cost comparisons, and many of the problems described above are inherent to the information in PISCES.

Use of Wildlife Project Cost Data From Other Sources

The data provided to IEAB on O&M cost comparisons with projects outside of the NPCC's Fish and Wildlife Program confirmed that the costs associated with BPA wildlife projects are "comparable to other projects in the region" (p 17 Task Number 116). These findings are consistent with many of the discussion points about project cost efficiencies that the WAC raised with BPA and the NPCC over the past decade. The costs and efficiency of our projects are comparable with most other projects in the region. The IEAB suggested that projects that share objectives, functions, and comparable physical characteristics could be used for cost comparisons. We are not opposed to making those comparisons, but caution that there are many other factors (e.g., implementing agency, age of the project, project histories, risk factors, cost/share, etc.) aside from those mentioned by the IEAB that also should be considered.

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The IEAB proposed that “future cost-effectiveness comparisons should be based on habitat units (HUs) and not acreage” (p 19 Task Number 116). The WAC is concerned that using HUs in lieu of acreage will be equally problematic. For example, HUs are derived from Habitat Evaluation Procedures (HEP) that have many inherent problems including a high degree of subjectivity. The HEP method is antiquated and the models that form the basis for the process are overly simplistic and were developed in regions outside of the Columbia Basin. Project sponsors manage complex ecosystems composed of an extremely diverse and interrelated set of ecological functions unique to every project. HUs are species specific and do not reflect the diversity of many of the ecological functions and conditions associated with wildlife projects. HUs do not adequately account for the costs or cost efficiencies related to managing for these functions or conditions.

#### Cost Management and Incentives

We are concerned about the reality of implementing many of the compensation-based and competition-based incentives identified by the IEAB. We appreciate the IEAB’s cautionary note about implementing these suggestions.

Project sponsors are generally required to follow state or Federal accounting procedures. The lowest bids may not provide the best outcomes, and the staff time, and labor required to seek and review competitive bids may negate any cost benefits.

The IEAB’s suggestion that “for eligible lands, invite proposals for O&M...based on dollars/tasks or dollar/acre with performance standards based on past or planned habitat values” is not a clear solution to improve cost efficiencies. O&M is not easily divided into cost/acre, and there is no standard methodology that measures performance based on habitat values. Project managers are supportive of adequate reporting requirements. However, at some point the request for further reporting may constrain management effectiveness and incur more costs than benefits. Equipment sharing between projects is already being done, but generally only if the projects are managed by a single entity. Equipment sharing across agencies and Tribes would pose an enormous logistical and administrative challenge and likely also incur more costs than benefits.

The IEAB recommended more flexible funding for BPA wildlife projects including long-term contracts, flexibility in moving funding across line items in contracts, and the ability to carry over unspent funds to the next fiscal year. We believe these recommendations will provide substantial cost efficiencies and allow managers more discretion in how best to use and apply funding to improve the effectiveness of many management actions. At an earlier meeting, the WAC suggested to the IEAB that they investigate the utility of settlements such as the Dworshak and State of Montana agreements. These agreements have demonstrated that settlements may substantially improve cost efficiencies and effectiveness for wildlife protection. We encourage the NPCC to consider this tool as it evaluates long-term improvements to the Fish and Wildlife Program.

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**Attachment II:  
Columbia Basin Fish and Wildlife Authority (CBFWA)  
Comments on IEAB Task Number 117:  
Continuing Investigation of Alternative Strategies for Habitat Acquisition  
February 20, 2008**

Introduction

CBFWA Members were not provided the opportunity for input and involvement in Task Number 117: *Continuing Investigation of Alternative Strategies for Habitat Acquisition*. Aside from some brief conversations with the IEAB and several WAC members on Task Number 117, there was no solicitation for information from the managers for this report. We thought this was unusual given the considerable history and experience that the wildlife managers have with wildlife acquisitions and the investigations of alternatives to fee simple acquisitions and conservation easements.

Most of the report for Task Number 117 described alternatives to fee simple acquisitions. These alternatives were promoted as less costly to the Fish and Wildlife Program. However, as mentioned in the introduction to Task Number 117, there has been substantial progress in completing wildlife mitigation mostly through the states and tribes. The primary impediments to completing additional transactions are not the lack of will on the part of the states or tribes, but are related to a variety of cumbersome policies that prevent completing mitigation in a timely, efficient, and opportunistic manner. Many of the alternatives that the IEAB proposed do not provide long-term surety that the property will be maintained to benefit wildlife. It is unclear how some of the recommendations address BPA's mitigation responsibilities and may create potential in lieu conflicts with the mitigation responsibilities specifically described in the wildlife loss assessments and the Northwest Power Act.

Habitat Units and Accounting

CBFWA Members support the need for the Fish and Wildlife Program to clarify the issues and complexities with habitat unit accounting. An impartial, standardized, and transparent accounting system for allocation of HUs would help resolve many of the disputes that have arisen around this issue. CBFWA Members are providing recommendations to address this problem as part of the Fish and Wildlife Program Amendment process.

Partnership Opportunities

The IEAB concluded that the Fish and Wildlife Program has successfully worked with tribes, states, and federal agencies to acquire and improve wildlife habitats. In other words, the partnership with these entities has been successful and should be expanded.

Another recommendation in this report was the need to develop partnerships to spread the costs of real estate transactions in areas (e.g. Willamette Subbasin, Methow Valley, etc) with high land values. The IEAB was correct in describing the challenges to developing these partnerships particularly when objectives from the other partners may be inconsistent with the Fish and Wildlife Program. Additionally, the considerable effort and time that is

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needed to form partnerships may interfere with the timely completion of real estate transactions.

The IEAB did not address the problems associated with BPA's policy that to access capital fund, an acquisition must exceed \$1,000,000. There are many opportunities to acquire properties that are valued less than \$1,000,000, but the policy prevents consideration of these opportunities.

#### Emerging Markets: Credits and Banking

The IEAB also recommended that the Fish and Wildlife Program participate in emerging markets for environmental attributes such as carbon sequestration. If access to these markets increases funding opportunities for wildlife projects, then participation in these environmental services may benefit projects and outcomes. However, participation in these markets does not fulfill the defined obligations of BPA to mitigate for the loss of habitat due to the construction and inundation impacts of the hydro-facilities.

Tom Karier  
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W. Bill Booth  
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Bruce A. Measure  
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Rhonda Whiting  
Montana

*DRAFT*

January 4, 2008

Mr. Greg Delwiche  
Vice President, Environment, Fish and Wildlife  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208

Dear Greg:

In December 2006, the Council asked the Independent Economic Analysis Board (IEAB) to investigate wildlife O&M costs that are paid through the Fish and Wildlife Program. The IEAB reported to the Council in November 2007 (*Investigation of Wildlife O&M Costs*, Council Document 2007-4) and provided a set of recommendations for improving the management of wildlife operation and maintenance projects. After consideration of this report and our experience with wildlife costs, we encourage Bonneville to implement the following two changes immediately.

First, we recommend that Bonneville modify Pisces project reporting to include cost shares from non-BPA sources by work element, and to include the life expectancy for any investments expected to last more than one year to determine annualized costs.. Second, we recommend that Bonneville track maintenance actions separately from enhancement actions. We realize that this may require separate contracts, or at least separate work elements, for maintenance and enhancement actions. The Council believes it is important to be able to financially separate these actions that result in additional habitat units from those that do not.

In addition, the Council urges Bonneville and the wildlife managers to consider economies of scale when acquiring and maintaining parcels of land for mitigation. These economies of scale include a potential for lower acquisition costs per acre for large land parcels and also significantly lower per acre maintenance costs.

The IEAB report found that some efficiency savings might be gained through combining project management activities among similarly situated projects, or through shared project resources. Small projects that are similarly located and that have similar management needs might be combined to achieve these economies of scale benefits.



The IEAB also recommended that positive incentive systems should be developed to obtain cost savings. For example, BPA could request proposals and bids for existing and new projects targeted to high-priority habitat. The IEAB report also suggested that there may be opportunities for partnering with entities such as Metro in the Willamette Valley. These opportunities should be fully explored.

Thank you for considering our request that BPA track cost-share and life expectancy of investments and separate maintenance and enhancement actions. We believe that these actions, combined with the efficiencies we suggest above, will improve the financial accountability of the wildlife portion of the program.

Sincerely,

Tom Karier  
Chair

Cc: Bill Maslen, BPA  
Joe Deherrera, BPA  
Brian Lipsomb, CBFWA

(Revised language for Jan 4, 2008 draft letter)

In December 2006, the Council asked the Independent Economic Analysis Board (IEAB) to investigate wildlife O&M costs that were paid through the Fish and Wildlife Program. The IEAB reported to the Council in November 2007 (*Investigation of Wildlife O&M Costs*, Council Document 2007-4) and provided a set of recommendations for improving the management of wildlife operations and maintenance projects. The Wildlife Managers worked with the IEAB, providing project specific information to aid their efforts.

Following completion of the report, the Managers reviewed the findings and provided initial comment to the Council. After consideration of the IEAB report and comments from the Managers, we would like to encourage Bonneville to coordinate the incorporation, where appropriate, of the potential efficiencies identified therein. This may include the continued development of contractual efficiencies. Additionally, as improvements are identified and incorporated through the amendment process, we expect Bonneville will work with the Managers and Council to assure they are implemented to the greatest extent possible.

We recognize and appreciate the many efficiencies BPA has already implemented. These include combining project management activities between related projects and sharing project resources. Additionally, we recognize the economies of scale that have been achieved through the landscape level planning and project implementation evident in many of the wildlife mitigation projects currently in the Program.

Finally, we encourage Bonneville to continue to refine the Pisces database to expand its capability to answer questions that may arise regarding improvement of Program efficiencies. This may include the separate accounting of enhancement from base O&M funding where such distinctions are appropriate.