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Oregon

January 28, 2010

DECISION MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, project implementation manager

SUBJECT: Council decision on first quarter within-year project-funding requests

PROPOSED ACTION: Approve two of the within-year project-funding requests as defined and conditioned by staff.

BUDGETARY/ECONOMIC IMPACTS

The total requested amount is \$316,345 in expense funds in Fiscal Year 2010. This amount is in addition to the Fiscal Year 2010 funding recommendations.

BACKGROUND

The Bonneville Power Administration (Bonneville), the Council, and the Columbia Basin Fish and Wildlife Authority have formed a budget oversight group (BOG) to conduct a budget-tracking process. A principle role of the BOG is to validate whether the requests are reschedules or within-year requests (i.e., scope change, budget change, scope/budget change, reschedule, and new request) and to place the within-year requests into one or more of the sorting categories (1-5). Reschedules are forwarded to Bonneville for assessment and funding as funds become available, and within-year requests are also forwarded to Bonneville for a recommendation on the availability of funds as identified at the quarterly reviews. The BOG uses the quarterly reviews to initiate a prioritization process to establish which budget adjustment requests can be met with the available funding in the current fiscal year project budget. This process also includes a public comment period.

On January 12, 2010, the Council staff presented the requests and reviewed the schedule for the within-year budget adjustment requests for the first quarter of Fiscal Year 2010.

The comment period associated with these requests closed on January 27th. No comments were received.

ANALYSIS

Of the nine requests reviewed by the BOG during the first quarter of Fiscal Year 2010, four requests are seeking a recommendation in February. Three requests were withdrawn, one request triggered the threshold adjustment as part of the budget-tracking process, and one request was address through the BOG management group.

The following categories, as outlined in the attached table (see Attachment 1), address the nine project requests and the Council staff's recommendations associated with the four requests seeking a recommendation. In addition, on January 27, 2010, the Council received a letter from Bonneville summarizing these within-year requests being considered during the first quarter of Fiscal Year 2010 (see Attachment 2).

Category 3a: Threats to Project Integrity - (a) that jeopardize the performance of the entire project

Project 2007-332-00, Mitigation of Marine-Derived Nutrient Loss in Central Idaho

The Idaho Department of Fish and Game is requesting \$120,500 to cover the loss of a cost-share so the three year research project can be completed. The objective of this project is to study nutrient treatments for three years on aquatic and terrestrial biota using salmon carcasses and salmon carcass analogs, as a replacement of marine derived nutrients, in the Boise-Payette-Weiser subbasins.

This project received a favorable review and was approved as part of the Fiscal Year 2007 - 2009 decision. Since this project was a new start and had a preliminary designation of "in lieu" by Bonneville it was not contracted until Fiscal Year 2008.¹

Staff Recommendation: Bonneville supports this request. The Council staff recommends that the Council also approve this request. This recommendation is conditioned for Fiscal Year 2010 to allow the project to complete the study design, analyze data and write the final reporting.

Category 3b1: Threats to Project Integrity - (b) that jeopardize the performance of a discrete task or objective; (1) adverse biological consequences to the project

Project 2000-027-00, Malheur River Wildlife Mitigation

The Burns-Paiute Tribe is requesting \$195,845 in Fiscal Year 2010 expense funds to replace a diversion dam on the Malheur River that was lost due to an ice flow event in 2006.² Due to the continued bank erosion at the site the Burns-Paiute Tribe needs to replace the structure before irrevocable damage to the stream morphology occurs. This

¹ Bonneville's "in lieu" designation was diminished with the confirmation of the cost-share contribution by Idaho Power Company

² This is the only diversion associated with this project. The Burns Paiute Tribe acquired the Denny Jones Ranch in Juntura, Oregon in November 2000.

wildlife project manages 6385 deeded acres of wet meadow, wetland and sagebrush steppe habitats along the Malheur River. In addition the project addresses 4,154 acres leased from the Department of State Lands, and 21,242 acres leased from the Bureau of Land Management.

The project was reviewed as part of the Wildlife Categorical Review and received a “Meets criteria – qualified” from the ISRP to suggest a review in the next two or three years to evaluate monitoring progress. The Council conditioned their recommendation by requesting the sponsor provide an adaptive management report to the ISRP by Fiscal Year 2013.

Staff Recommendation: The request for \$195,845 exceeds the budget flexibility provided for in the proposed 5-year annual expense budget³ in the Wildlife Categorical Review. Based on this understanding, the Council staff concurs with Bonneville and recommends that the Council support this request for \$195,845 in Fiscal Year 2010 expense funds to replace the diversion dam.

Category 4: Lost Opportunity

- Project 1999-015-00, *Big Canyon Fish Habitat*. Nez Perce Soil and Water Conservation District
- Project 1999-016-00, *Protect and Restore the Big Canyon Creek Watershed*. Nez Perce Tribe

The Nez Perce Soil and Water Conservation District and the Nez Perce Tribe are requesting \$65,000 and \$107,000, respectively. They are requesting this budget adjustment to continue implementing stream restoration activities in Big Canyon Creek in Fiscal Year 2010. The goal of this collaboration is to protect, restore, and return critical spawning and rearing habitat in Big Canyon Creek using a watershed restoration approach. This request stems from the Council decision on February 12, 2008 that addressed a follow-up issue from the Fiscal Year 2007 – 2009 project review. This Council decision, based on the ISRP reviews (ISRP documents 2006-6 and 2007-18), found the projects did not meet science review criteria and recommended the following:

“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. The Council anticipates these projects will be closed out after Fiscal Year 2009 but that their proposed activities could be included in a future proposal”

At the November 2009 BOG meeting the sponsors submitted a budget adjustment request to continue restoration actions in Big Canyon Creek in Fiscal Year 2010. The BOG

³The Fiscal Year 2010 – 2014 (avg.) is \$350,066.

determined that the submittal needed ISRP review prior to any action taken. On December 3, 2009 the sponsors submitted their proposal to the ISRP and on January 12, 2010 the ISRP provided their review (ISRP document 2010-3). The ISRP found the proposal continues to not meet scientific review criteria.

Staff Recommendation: Based on the ISRP review the Council staff recommends that the Council not approve the request. The Council's recommendations made in the past still stand and the projects should close-out at the end of their Fiscal Year 2009 contract.

Attachment 1: Within-year project funding adjustments received as part of the first quarter of Fiscal Year 2010.

| Category | Project # | Project Title | Sponsor | FY 2010 Budget (BPA) | Request 2010 | Status |
|------------------|-------------|--|--|----------------------|--------------|---|
| 3a | | | | | | |
| | 2007-332-00 | Mitigation of Marine-Derived Nutrient Loss in Central Idaho | IDFG | \$317,509 | \$120,500 | Approve @ \$120,500 |
| | | | | | | |
| 3b1 | | | | | | |
| | 2000-027-00 | Malheur River Wildlife Mitigation | Burns-Paiute Tribe | \$332,722 | \$195,845 | Approve @ \$195,845 |
| | | | | | | |
| 4 | | | | | | |
| | 1999-015-00 | Big Canyon Fish Habitat | Nez Perce Soil and Water Conservation District | \$0 | \$65,000 | Not Approve |
| | 1999-016-00 | Protect and Restore the Big Canyon Creek Watershed | Nez Perce Tribe | \$0 | \$107,500 | Not Approve |
| | | | | | | |
| 5 | | | | | | |
| | 1996-077-05 | Meadow Creek Watershed Restoration (1996-077-05); Mill Creek Watershed Restoration (2000-036-00) | Nez Perce Tribe | \$544,540 | \$0, Scope | BOG Management, Approved 11-6-09 |
| | | | | | | |
| Threshold | | | | | | |
| | 199107800 | John R. Palensky Wildlife Area | ODFW | \$135,086 | \$7,358 | Threshold, Approved 11-15-09 ⁴ |
| | | | | | | |
| Withdrawn | | | | | | |
| | 1992-061-03 | Albeni Falls Wildlife Mitigation-Idaho Department of Fish and Game (IDFG) | IDFG | \$657,487 | \$65,000 | Withdrawn by Bonneville ⁵ |
| | 1992-061-02 | Albeni Falls Wildlife Mitigation-Kalispel Tribe | Kalispel Tribe | \$665,356 | \$66,000 | Withdrawn by Bonneville ⁶ |
| | 1994-047-00 | Lake Pend Oreille Kokanee Mitigation | IDFG | \$944,262 | \$94,000 | Withdrawn by Bonneville ⁷ |
| | | | | | | |

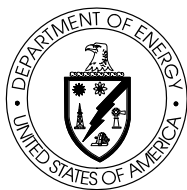
⁴ This request is linked to the projects contractual period as it relates to their FY '09 budget of \$135,086.

⁵ This request was for FY '09 funds

⁶ This request was for FY '09 funds

⁷ This request was for FY '09 funds

Attachment 2: Letter received in January 2010 from Bonneville regarding within-year budget adjustments associated with the Quarterly Review.



Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

January 27, 2010

In reply refer to: KEW-4

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

Dear Mr. Grover;

In accordance with the Budget Oversight Group (BOG) process, the BOG conducted the first quarter review of within-year budget and/or scope modification requests for Fiscal Year 2010 [submissions reviewed by BOG in October, November and December]. These requests were presented at the January Fish and Wildlife Committee Meeting, and a 14-day public comment period was opened. As a result of the BOG review, consideration of any comments, and Council recommendations, the Bonneville Power Administration (BPA) has arrived at the following draft decisions.

Project Funding Requests

Category 3a

Project Number: 2007-332-00

Project Name: Mitigation of Marine-Derived Nutrient Loss in Central Idaho

Contractor: Idaho Department of Fish and Game (IDFG)

BOG ID # 378

BPA-COTR: Jan Brady

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$120,500

Funding Type: Expense

One Time Request? No (see discussion, below)

How does this project support a Biological Opinion? This project does not support a Biological Opinion.

Explanation of need: This project requests a within-year increase of \$120,500 in 2010 to replace matching dollars discontinued by Idaho Power Company (IPC). IPC informed the sponsor by letter dated October 2009, that their continued support for this project was ending and that IPC could not commit to any funding in 2010 and beyond as a result of budget constraints and the need to reduce operating expenses as a result of economic conditions. They further indicated that this project was not required for compliance for their licensing.

The project's design calls for data from 3 years of treatments that will be used to model the relative effectiveness and effects of carcass, analog, and fertilizer treatments on ecological food webs. The results of the model will be used to choose the final mitigation treatment type most appropriate for the Boise/Payette/Weiser system. For FY2011 and beyond, the priority of this project will be based on subsequent proposals reviewed through categorical review process.

This project is now in its third year where data gathering is yielding to analysis. The additional funding will allow for the project to remain at the proposed level of effort through the 2010 project year. A reduced funding level would affect the scope of the project (lose in the power of the comparative design), and affect previous investments in studies begun in 2008 (project was delayed one year). Also lost would be the ability to determine relative mitigation efficacy among treatment types (carcasses, analogs, and inorganic fertilizer). .

BPA Draft Recommendation: BPA supports this request for FY2010 to sustain the value of our previous investment. Funding in FY2011 and beyond is subject to pending categorical review.

Category 3b1

Project Number: 2000-027-00

Project Name: Malheur River Wildlife Mitigation

Contractor: Burns-Paiute Tribe

BOG ID # 404

BPA-COTR: Joe DeHerrera

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$195,845

Funding Type: Expense

One Time Request? Yes.

How does this project support a Biological Opinion? This project does not support a Bi-Op.

Explanation of need: The Malheur River Wildlife Mitigation project is requesting additional funding to repair the current diversion dam which was damaged in an ice flood event in 2006. In its current condition it contributes to increased erosion to the stream bank. The current structure does not allow for the use of legal allotted water rights onto the property. This creates a scenario for the project to lose the unused portion of the water rights. The replacement of the diversion dam structure at the project is important to the continued success of the project. Irrigation is tied to about 70% of the management actions to increase Habitat Units (HU) either directly or indirectly. The use of irrigation water is used for native vegetation restoration to increase mule deer winter range forage quantity and quality and increase spring and summer waterfowl brood rearing and foraging habitat. Native vegetation improves HU's for mule deer, Western Meadowlark, and Yellow Warbler; three of the four HEP species.

BPA Draft Recommendation: BPA supports this request.

Category 4

Project Number: 1999-015-00

Project Name: Big Canyon Fish Habitat

Contractor: Nez Perce Soil and Water Conservation District (NPSWCD)

BOG ID # 219

BPA-COTR: David Byrnes

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$65,000

Funding Type: Expense

One Time Request? No, out years would be implicit in a decision to fund.

How does this project support a Biological Opinion? This project does not support a Biological Opinion.

Explanation of need: The Big Canyon Fish Habitat project is one of two projects that have focused on riparian habitat improvements within the Big Canyon tributary to improve conditions for Snake River A-run steelhead. This project reflects the share of the work implemented by the NPSWCD that addresses the lower reaches of the watershed (work in the upper reaches of the watershed is implemented by the Nez Perce Tribe; see next project, below). Both projects are requesting funding for FY 2010 and beyond to continue the project. This project was approved for limited funding and scope (fifty percent) in FY 2009 in preparation for close out. The close out is based on Council and ISRP recommendations in the 2007-2009 provincial review that determined the project failed to meet science review, and BPA's subsequent contracting decision for close-out at the end of April, 2010.

The sponsor, in cooperation with the Nez Perce Tribe, submitted a revised Big Canyon watershed project planning document to the ISRP through the Council in an effort to receive a positive science review that could support continued project implementation in FY 2010. The ISRP responded on January 12, 2010, (document No. ISRP 1210-3) with a finding of "Does Not Meet Scientific Criteria." The ISRP concluded the revised document did not adequately address several critical issues that were identified in the project's initial review during the 2007-09 provincial review.

BPA Draft Recommendation: Sustain previous decision to close-out project at the end of April, 2010. Defer consideration of new proposal to pending geographic review; the sponsor should consider re-submitting the proposal at that time.

Category 4

Project Number: 1999-016-00

Project Name: Protect and Restore the Big Canyon Creek Watershed

Contractor: Nez Perce Tribe

BOG ID # 220

BPA-COTR: David Byrnes

BPA Manager: Paul Krueger

Budget Year/Amount Requested: FY10 / \$107,500

Funding Type: Expense

One Time Request? No, out years would be implicit in a decision to fund.

How does this project support a Biological Opinion? This project does not support a Biological Opinion.

Explanation of need: The Protect and Restore the Big Canyon Creek Watershed project is one of two projects that have focused on riparian habitat improvements within the Big Canyon tributary to improve conditions for Snake River A-run steelhead. This project reflects the share of the work implemented by the Nez Perce Tribe that addresses the upper reaches of the watershed (work in the lower reaches of the watershed is implemented by the NPSWCD; see previous project above.) Both projects are requesting funding for FY 2010 and beyond to continue the project. This project was approved for limited funding and scope (fifty percent) in FY 2009 in preparation for close out, based on Council and ISRP recommendations in the 2007-2009 provincial review that determined the project failed to meet science review, and BPA's subsequent contracting decision for close-out at the end of April, 2010.

The sponsor, in cooperation with the NPSWCD, submitted a revised Big Canyon watershed project planning document to the ISRP through the Council in an effort to receive a positive science review that could support continued project implementation in FY 2010. The ISRP responded on January 12, 2010, (document No. ISRP 1210-3) with a finding of "Does Not Meet Scientific Criteria." The ISRP concluded the revised document did not adequately address several critical issues that were identified in the project's initial review during the 2007-09 provincial review.

BPA Draft Recommendation Sustain previous decision to close-out project at the end of April, 2010. Defer consideration of new proposal to pending geographic review; the sponsor should consider re-submitting the proposal at that time.

Summary

In summary, the total of expense funding requested in this letter is \$316,345, leaving a balance of \$400,653 in the Within-Year Non-Bi-Op Placeholder. We believe these projects are consistent with priorities identified during previous Council provincial reviews and/or other BPA and Council discussions. While there are no Bio-Op projects included in this letter, we want to also report the current balance of \$1,932,347 in the Within-Year Bi-Op Placeholder.

Please feel free to contact either Greg Dondlinger at 503-230-5065 or me at 503-230-5549 for further information or if you have any questions.

Sincerely,



William C. Maslen
Director for Fish and Wildlife