

**Bruce A. Measure**  
Chair  
Montana

**Rhonda Whiting**  
Montana

**W. Bill Booth**  
Idaho

**James A. Yost**  
Idaho



**Dick Wallace**  
Vice-Chair  
Washington

**Tom Karier**  
Washington

**Bill Bradbury**  
Oregon

**Joan M. Dukes**  
Oregon

April 28, 2011

## **DECISION MEMORANDUM**

**TO:** Council members

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

**SUBJECT:** Quarterly Review of Within-year Project Funding Adjustments for Implementation

**PROPOSED ACTION:** Approve two of the within-year project-funding requests as presented by staff.

## **BUDGETARY/ECONOMIC IMPACTS**

The total requested amount associated with the two requests is \$2,339,921 in expense Fiscal Year 2011 funds<sup>1</sup>.

## **BACKGROUND**

In 2004, Bonneville and the Council formed a budget oversight group (BOG) to conduct a budget-tracking process. A principal role of the BOG is to validate whether the requests are a reschedule or within-year request (i.e., scope change, budget change, scope/budget change, and new request). Reschedules<sup>2</sup> are forwarded to Bonneville for assessment and funding as funds become available, and within-year requests are also forwarded to Bonneville for 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. The requests are categorized by category (Emergency, Urgent, Threshold, Categorical Review, and Quarterly) per the BOG review. This process also includes a public comment period.

---

<sup>1</sup>Expense Within-Year Pool balance (including pending actions); Bi-Op Placeholder @ \$1,793,614, and Non-Bi-op Placeholder @ \$709,234.

<sup>2</sup>Reschedules are project work task or tasks, as reviewed and approved, that are aligned from one fiscal year to another.

On April 12, 2011, the Council staff presented to the Fish and Wildlife Committee the requests and reviewed the schedule for the within-year budget adjustment requests for the second quarter of Fiscal Year 2011.

Of the six requests reviewed by the BOG during the second quarter of Fiscal Year 2011, two requests are proposed for decisions in May. As outlined in the attached table (see Attachment 1, page 5), two requests triggered the threshold<sup>3</sup> adjustment as part of the budget-tracking process, one request is within the recommendations made as part of the wildlife categorical review and one request was addressed by the BOG Management Group and did not meet science review criteria. Based on staff review and comment received, the staff will bring to the Committee and the Council a recommendation at the May meeting.

The comment period associated with these requests closed on April 26<sup>th</sup>. No comments were received.

## **ANALYSIS**

The following addresses the two project requests and the Council staff's recommendations. In addition, on April 19, 2011, the Council received a letter from Bonneville summarizing the two within-year requests being considered during the second quarter of Fiscal Year 2011 (see Attachment 2, page 6).

Following is a brief summary of the two project requests.

### **Quarterly**

- **Project #2002-002-00, *Restore Natural Recruitment of Kootenai River White Sturgeon***

The Kootenai Tribe (KT) is requesting \$2,250,000 in expense funds to design, construct, implement, monitor, and evaluate in-stream structures and habitat modifications designed to address factors limiting survival of the endangered Kootenai River white sturgeon. This project is a three-phase collaborative interagency effort that uses innovative technologies to evaluate enhancement of white sturgeon spawning substrate habitat in the Kootenai River, and implement habitat restoration measures to restore natural recruitment. To date, project activities (Phase 1) have focused on data collection, modeling, critical uncertainties research, planning, design, and coordination. The project is now prepared to transition to Phase 2 and 3 and implement habitat modifications to restore natural recruitment based on the established monitoring of a suite of restoration actions and magnitude based on the success of the initial actions implemented.

The needs associated with this project were captured as part of the Council recommendation in 2006 associated with the Fiscal Year 2007 - 2009 recommendation to Bonneville. As part of this review and recommendation the Council supported the

---

<sup>3</sup> Thresholds are requests that are within 10 percent of the reviewed and approved project budget and less than \$75,000.

favorable review received from the ISRP, but also acknowledged the magnitude and complexity of the project and commented to Bonneville as follows.

*The Mountain Columbia oversight group (OG) requests that BPA allow flexibility between years and manage this as a three-year, eight-million-dollar budget (i.e. allowing of rescheduling of funds from one year to the next) because the rate and pace of implementation is uncertain and will be determined through pilot project implementation and recovery team decisions. We made substantial budget reductions in this project and so if there is a need for funding beyond the eight-million-dollar level the OG also asks that the project sponsor has the ability to request funds through the within-year process*

As mentioned above the first phase of the Kootenai River Habitat Restoration Project is in the final design stage and will be ready for implementation starting in June 2011. The request here is for funding for construction implementation and material acquisition for the project and is not a change in scope or schedule, but rather the planned project progression for implementation of the first of a suite of restoration actions that were proposed and anticipated in the FY2007-2009 proposal.

The request is for materials acquisition and construction work in the upper portion of the braided reaches between Bonners Ferry, Idaho to the confluence of the Moyie and the Kootenai rivers. Specifically, actions will include bank restoration of approximately 4,000 feet of river bank, addition of large wood to create pool habitat and create roughness features, creation of depositional features, and riparian fencing. Future efforts will again focus on this reach, but also include the straight and meander reaches that extend downstream to the international border.

This action supports the USFWS draft Recovery Plan for Kootenai River white sturgeon and the Libby Dam BiOp also specifically acknowledges the management of the Braided Reach in Reasonable and Prudent Action Component 4. In addition, this effort is explicitly linked to and compliments the hatchery aspects (i.e., Project #1988-064-00, *Kootenai River White Sturgeon Aquaculture Conservation Facility*<sup>4</sup>) of the recovery effort.

Bonneville has planned for the Kootenai Habitat project within the Integrated Program Review starting in Fiscal Year 2012. Bonneville has reviewed their existing contractual commitments and feels they can afford to start implementation of this high-priority work a year earlier. Subsequent years will be reduced by the same value. It is important to note that this project is included in the category review associated with Resident Fish/Blocked. During this review the Kootenai Tribe will have an opportunity to provide an update on the project's progress on their restoration efforts.

---

<sup>4</sup> On October 14, 2010 the Council approved the Master Plan (Step 1) associated with this project.

Staff Recommendation: Council staff recommends that the Council support this critical habitat restoration work as part of the recovery effort for the Kootenai River white sturgeon.

- **Project #2011-012-00, Cowlitz Tribe Coordination**

The Cowlitz Indian Tribe is requesting \$89,921 in Fiscal Year 2011 expense funds to assist and provide an opportunity for their participation in the development and implementation of the Fish and Wildlife Program. Specifically, this project will provide funding for Natural Resources Department staff to better engage and assist in project development and coordination in the estuary. In addition, this will allow the Cowlitz Tribe to work towards identifying opportunities to coordinate and participate with other entities in the estuary to assist Bonneville in implementing the 2008 FCRPS Biological Opinion. Not only will this request provide for a dialogue for tribal members, it will also inform the Action Agencies and others of tribal history, culture, and perspectives that can provide critical information in the shaping the future management of the critical resources in the Columbia River Basin estuary.

This request would come out of the within-year budget placeholder, with Fiscal Year 2012 and beyond funds being determined as part of the upcoming coordination/data management categorical review.

Staff Recommendation: Council staff recommends that the Council support this request. This recommendation is conditioned on funds beyond Fiscal Year 2011 to be determined as part of the coordination/data management category review.

**Attachment 1: Within-year project funding adjustments received as part of the second quarter of Fiscal Year 2011.**

Category	Project #	Project Title	Sponsor	FY 2011 Budget (BPA)	Request	Status
Quarterly						
	2002-002-00	Restore Natural Recruitment of Kootenai River White Sturgeon	Kootenai Tribe	\$2,183,325	\$2,250,000	May Decision
	2011-012-00	Cowlitz Tribe Coordination	Cowlitz Tribe	New Project	\$89,921	May Decision
	1991-019-01	Hungry Horse Mitigation/Flathead Lake Restoration and Research, Monitoring and Evaluation (RM&E)	Salish and Kootenai Confederated Tribes	\$533,350	Scope Change	Does not meet scientific review criteria <sup>5</sup>
Threshold						
	2003-039-00	Monitor and Evaluate (M&E) Reproductive Success and Survival in Wenatchee River	WDFW	\$471,445	\$22,084	NA
	2007-232-00	Okanogan-Similkameen Habitat Acquisition	WDFW	\$3,125	\$21,000 <sup>6</sup>	NA
Categorical						
	2001-027-00	Western Pond Turtle Recovery	WDFW	\$93,506	\$93,506 <sup>7</sup>	NA

<sup>5</sup> At the January BOG meeting CSKT requested funding to “conduct fishing contests for lake trout” that had not been favorably reviewed (ISRP documents 2006-6 and 2007-7) or recommended as part of the FY 2007-2009 decision. The request was sent to the management group for confirmation to initiate an ISRP for review. On March 3, 2011 the ISRP provided their review (ISRP document 2011-7) of this request and found that the scope change *to support two fishing contests per year (in Flathead Lake)* does not meet scientific review criteria.

<sup>6</sup> This threshold adjustment is based on the project total (\$2,374,000) to cover Bonneville’s costs associated with land acquisition and realty type services, and etc.

<sup>7</sup>This request basically addresses and provides transparency to a SOY decision that Fiscal Year 2011 funding is dependent on WDFW and Bonneville reaching agreement on wildlife credits associated with this project. An understanding was reached and the Fiscal Year contract is moving forward.

**Attachment 2:** Letter received on April 19, 2011 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

April 19, 2011

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 second quarter review of within-year budget and/or scope modification requests for Fiscal Year 2011 [submissions reviewed by BOG in January, February and March]. These requests were presented at the April Fish and Wildlife Committee Meeting, and a 14-day public comment period was opened. As a result of the BOG review and consideration of any comments, the Bonneville Power Administration (BPA) has arrived at the following tentative conclusions subject to further consideration following receipt of the Council's recommendations.

**Project Funding Requests**

**Project Number:** 2002-002-00

**Project Name:** Restore Natural Recruitment of Kootenai River White Sturgeon

**Contractor:** Kootenai Tribe

**BPA Project Manager:** Lee Watts

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** FY11 / \$2,250,000

**Funding Type:** Expense

**How does this project support a Biological Opinion?** This project supports RPA Component 2: Management of the Braided Reach; as listed in the USFW Biological Opinion regarding the Effects of Libby Dam Operations on the Kootenai River White Sturgeon, Bull Trout and Kootenai Sturgeon Critical Habitat 2006. It also fulfills a requirement in the 2008 settlement

agreement with Center for Biological Diversity and the State of Montana that the habitat project must begin no later than December 2012.

**Explanation of need:** The project to Restore Natural Recruitment of Kootenai River White Sturgeon is requesting funds for material acquisition and construction to implement habitat restoration as described in the Kootenai master plan. The first phase of the Kootenai River Habitat Restoration Project is in the final design stage and will be ready for implementation starting in June 2011. The intent has been to start construction of this project as soon as practical. During budget development the environmental permitting was uncertain for a 2011 start and it was scheduled for 2012. The permitting process went better than expected and it is now possible to begin the project during the 2011 work window. Additionally, it is important to begin implementation of this important habitat restoration action to improve habitat conditions for the depressed sturgeon population, to support restoration of an important priority species to the Tribe and co-management agencies. The project activities to date have included data collection, modeling, critical uncertainties research, planning, design, and coordination. Work to be completed this summer is not a change in scope or schedule, but rather the planned project progression for implementation of the first of a suite of restoration actions that were proposed and anticipated in the FY2007-2009 proposal. Also, implementing the first phase of the project in 2011 will reduce the risk of missing the ESA listed sturgeon BiOp settlement agreement deadline.

Getting a quicker start by implementing the Phase 1 Braided Reach Project in 2011 may reduce cost and other project management implications compared to starting this work in 2012. Examples include: potential inflation to construction costs for Phase 1; potential loss of materials; potential re-consultation; and would push back timelines for planning and design of the next phases of the project. In addition, the project actions are occurring mostly on private land or require access through private land and proceeding with the project in 2011 helps sustain the support of the project on the part of the landowner partners.

**BPA Recommendation:** BPA supports this request. The first phase of restoration and enhancement efforts (*Braided Reach IA & IB*) under the Kootenai River Habitat Restoration Project will be ready for implementation starting in June of 2011 and includes construction implementation along with material acquisition. This work was planned within the Integrated Program Review starting in FY12; however after review of expected FY11 spending, BPA feels we can start implementation of this high priority work a year earlier than otherwise planned. The FY12 planning budget for this project will be reduced by \$2,250,000 to reflect the pre-scheduling of the budget to support the work in 2011 and to keep the total project costs inline with the original planning.

**Project Number:** 2011-012-00 (*NEW*)

**Project Name:** Cowlitz Tribe Coordination

**Contractor:** Cowlitz Indian Tribe

**BPA Project Manager:** Marcy Foster

**BPA Manager:** Jamae Hilliard-Creecy

**Budget Year/Amount Requested:** FY11 / \$89,921

**Funding Type:** Expense

**How does this project support a Biological Opinion?** This project does not support a Bi-Op. **Explanation of need:** The Cowlitz Tribe Coordination project is requesting funding to participate in regional Fish & Wildlife activities and processes. Many culturally important landscapes and species to the Cowlitz People within its areas of influence are affected by the operations of the Federal Columbia River Power System (FCRPS). The development of the FCRPS has adversely affected wildlife, resident fish, and anadromous fish resources along the entirety of the ancestral Cowlitz landscape including, but not limited to: the Lewis River and its tributaries, the Cowlitz River and its tributaries, the Kalama River and its tributaries, as well as the Columbia River Estuary from Bonneville Dam to the Plume. This proposal will assist and provide an opportunity for the Cowlitz Indian Tribe's Natural Resources Department (CNRD) to increase their participation in the development and implementation of the BPA Fish and Wildlife Program in the estuary. Specifically, this project will provide funding for CNRD staff time to better engage in local and regional processes that aid in the development and implementation of the BPA Fish and Wildlife Program. The CNRD increased participation in project development and coordination in the estuary will result in a better understanding of the Tribe's resource needs, ideologies and perspectives and will assist in the shaping the future management of the critical resources in the Columbia River Basin estuary.

**BPA Recommendation:** BPA supports this request for \$89,921 for the Cowlitz Indian Tribe to assist BPA with their requirements under the 2008 FCRPS Biological Opinion and the implementation of the Fish and Wildlife Program in the Lower Columbia River estuary. Activities under the project will leverage the Tribe's resources and build their capacity to do future work in the estuary. These activities will include regional coordination, project development and implementation, public outreach, and technical review.

This request will come out of the within-year budget placeholder, with Fiscal Year 2012 and beyond funds to be determined as part of the upcoming coordination/data management categorical review.

### **Summary**

In summary, the total of expense funding requested in this letter is \$2,339,921 in FY2011. We believe these projects are consistent with priorities identified during previous Council provincial reviews and/or other BPA and Council discussions.

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,

/s/

William C. Maslen  
Director for Fish and Wildlife