

Rhonda Whiting
Chair
Montana

Bruce A. Measure
Montana

James A. Yost
Idaho

W. Bill Booth
Idaho



Bill Bradbury
Vice-Chair
Oregon

Henry Lorenzen
Oregon

Tom Karier
Washington

Phil Rockefeller
Washington

October 25, 2012

MEMORANDUM

TO: Council Members

FROM: Tony Grover, Fish and Wildlife Division Director

SUBJECT: Briefing by Bonneville on expense budget for fish and wildlife - 2012 end of year and 2013 start of year budgets.

Bill Maslen, Bonneville Power Administration, will discuss the end of fiscal year 2012 fish and wildlife expense budget and the start of fiscal year 2013 budgets. He will explain where project managers made budget adjustments in response to BPA's project management practices letters sent in summer 2012 to major Program partners in the region. Bill will also describe how accord parties made similar budget adjustments.

Mr. Maslen will describe BPA's evolving set of practices and tools that are being developed to manage the fish and wildlife expense budget more closely in the future. More detail describing the budget management tools will be available later in fiscal year 2013.

Fish and Wildlife Program Expense Budget Update

Bill Maslen

November 6, 2012

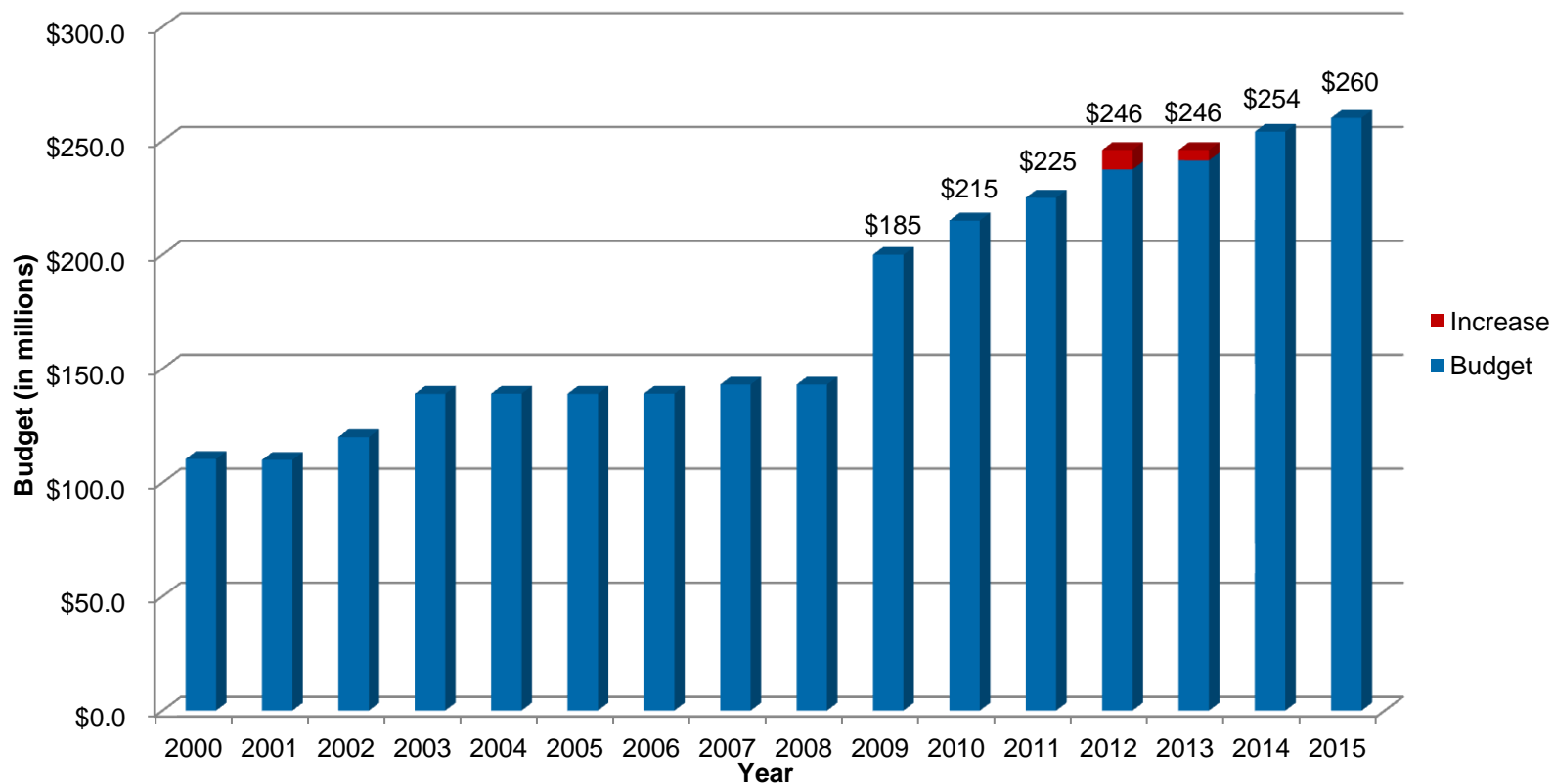


Introduction

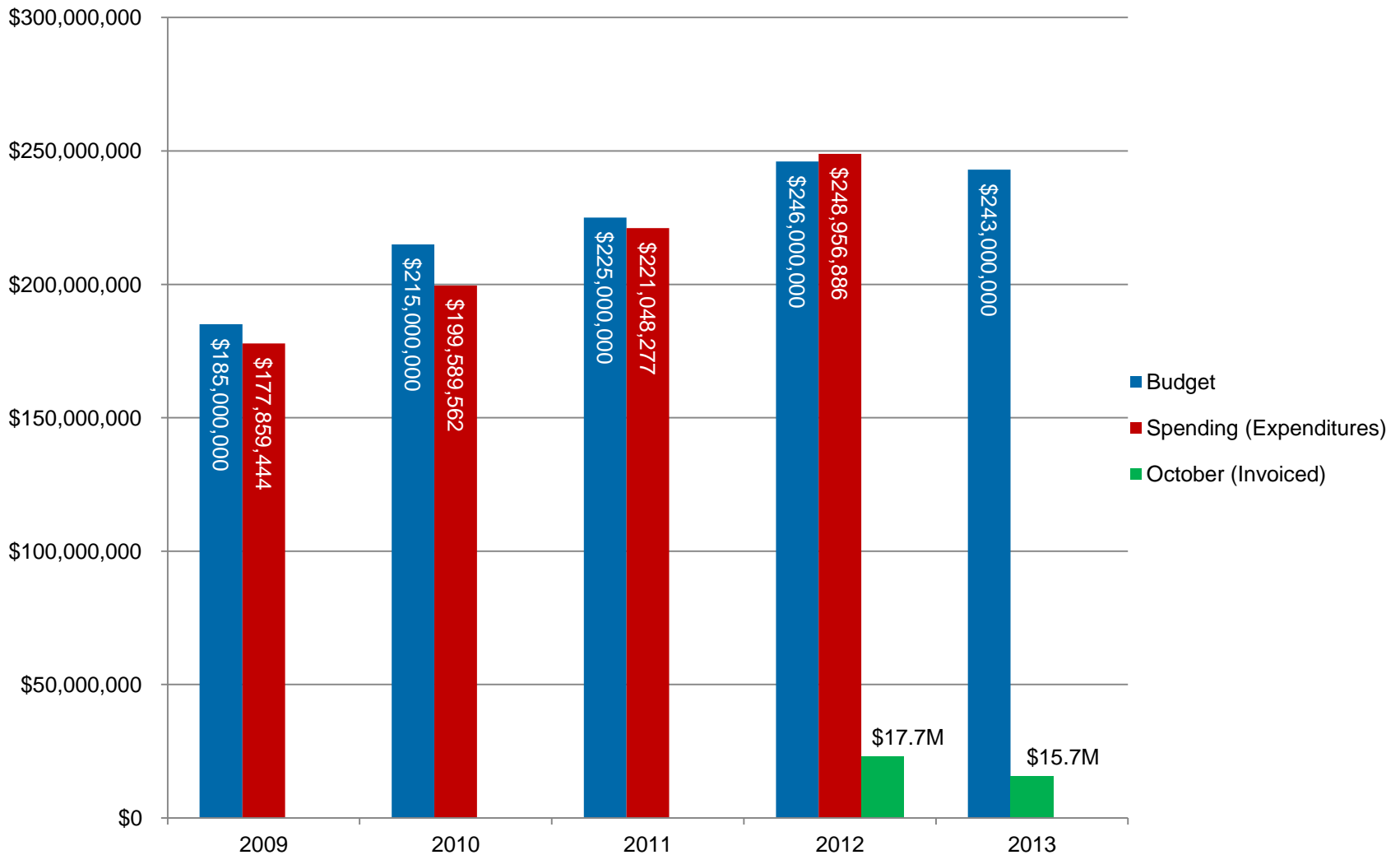
The focus of this F&W Program presentation:

- Provide an update on the budget and expenditures of the current rate period (FY12/FY13).
- Provide an overview of the Fish and Wildlife Program adjustments to meet the expense budget target for current rate period.
- Describe the long-term tools and practices to effectively manage Program spending into the future.

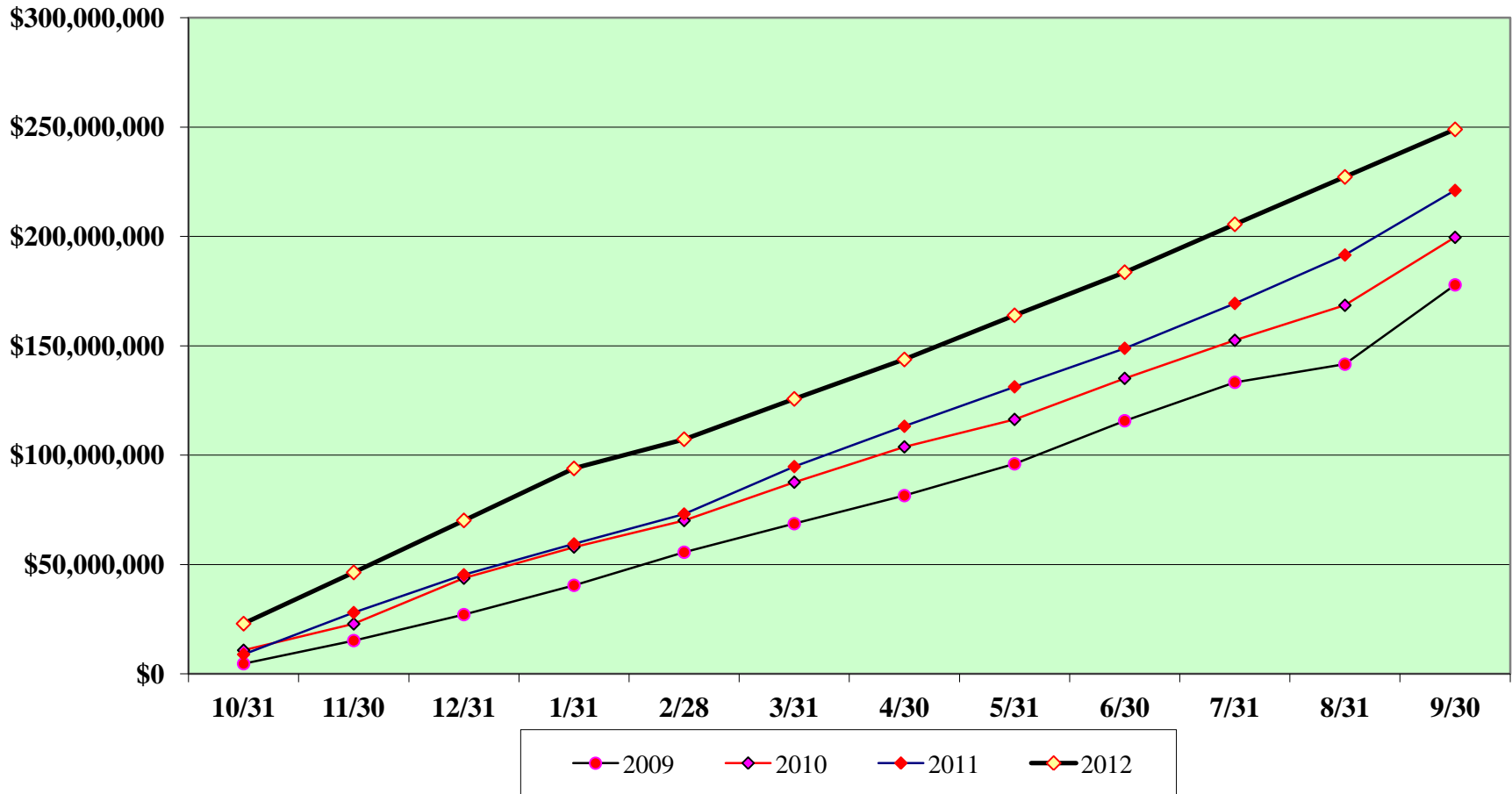
Fish & Wildlife Expense Budget (IPR 2000-2015)



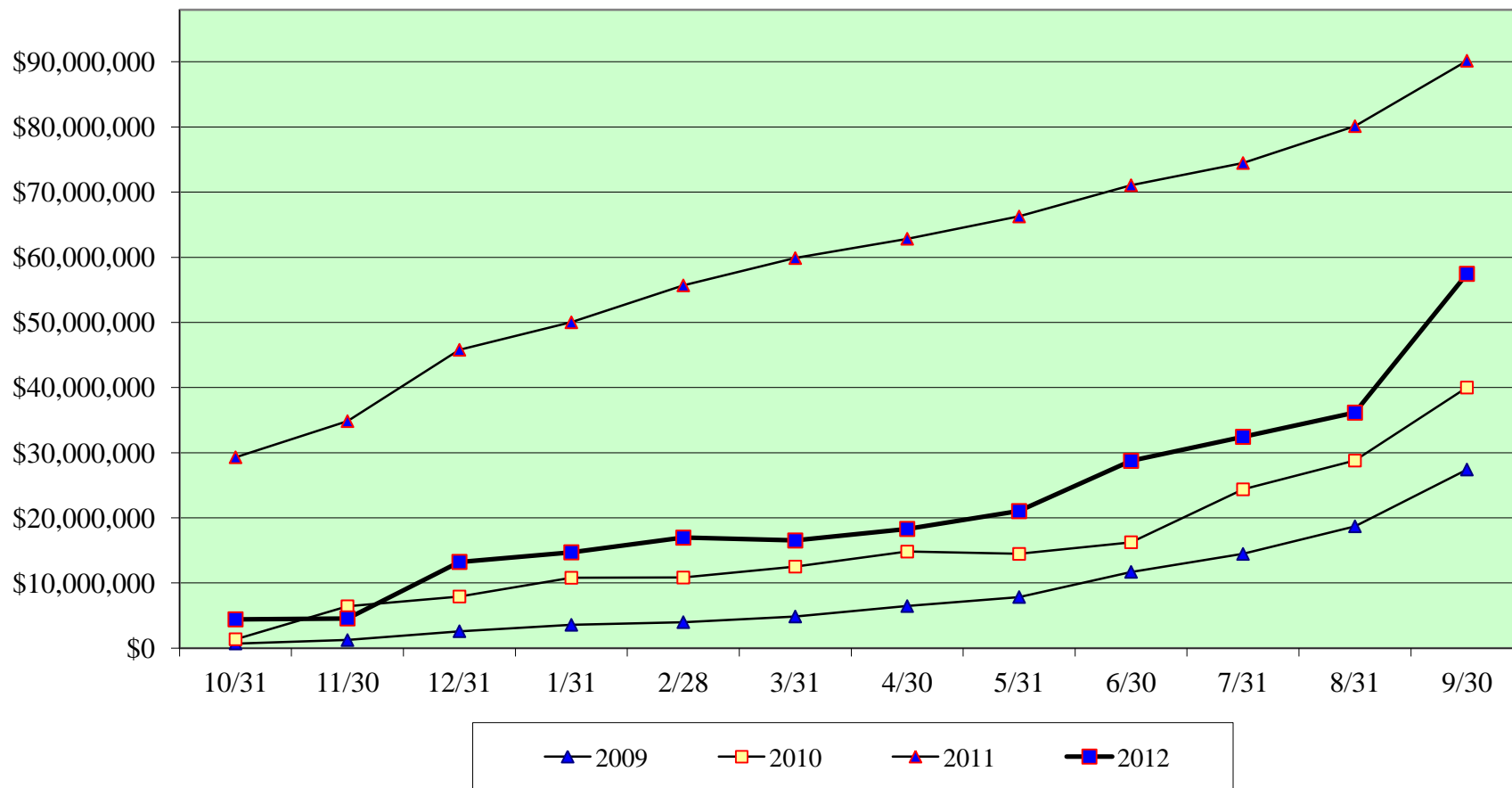
Expense Budget and Expenditures



Monthly Expenditures (Expense)



Monthly Expenditures (Capital)



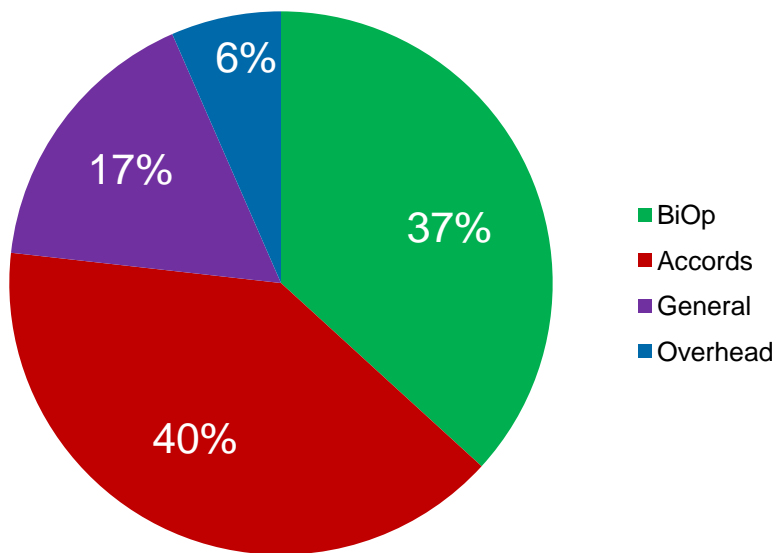
FY 2013 Budget

Rate Period (FY12/13)	\$492M
Less FY12 Expenditures	< \$249M >
FY13 Available Budget	\$243M

- BPA sent a letter to project sponsors in June 2012 and another in August 2012 requesting assistance with managing spending.
- Throughout 2012, BPA collaborated with all sponsors to reduced spending where possible with a more focused effort in September to identify project efficiencies to reduce costs and low-priority work that could be deferred in FY12/13 contracts.
- As a result, BPA and project sponsors have worked collaboratively to identify approximately \$15 million in efficiencies and deferrals.

FY2013 SOY

FY 2013



Planning	Budget
Total BiOp	\$99,300,000
Total BPA Overhead	\$17,700,000
Total Accords	\$108,000,000
Total General	\$45,000,000
Total Expense	\$270,000,000

<http://www.cbfish.org/Fund.mvc/Index>

Contract Review Criteria

- Maintain the integrity of projects.
- Preserve Accord, BiOp, and Fish & Wildlife Program commitments.
- Restore budgets for work that was deferred upon availability of funds; whereas savings from efficiencies will be retained.
- Work collaboratively with sponsors to identify adjustments.
- Reach mutual agreement, where possible, on outcome.
- Examples include; lowered administrative costs, deferral of actions, adjustments to reflect completed equipment purchases, etc.

Long-Term Management Tools

- Increased oversight of spending, including benchmarking of contract costs, and more scrutiny of project scope and deliverables
- Limit contract extensions and modifications in almost all cases.
- Request for contract spending calendars and specification of contractual caps on total FY spending for large contracts/portfolios.
- Create a “management reserve” fund to cover unexpected spending; use “management reserve” at the end of the FY to support land acquisitions (especially large expenditures).
- Quarterly budget-to-actual reviews at the BPA project manager and policy level, and regionally with Council, sponsors and other stakeholders