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July 30, 2009

## DECISION MEMORANDUM

**TO:** Council Members

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

**SUBJECT:** Council decision on Third Quarter within-year project-funding requests

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

### BUDGETARY/ECONOMIC IMPACTS

The total requested amounts are \$137,912 expense and \$1,912,000 capital funds in Fiscal Year 2009, and \$121,694 expense funds in Fiscal Year 2010. These amounts are in addition to the Fiscal Year 2009 and 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 July 14, 2009, the Council staff presented the requests and reviewed the schedule for the within-year budget adjustment requests for the Third Quarter of Fiscal Year 2009.

The comment period associated with these requests closed on July 27<sup>th</sup>. No comments were received.

## ANALYSIS

Of the 5 requests reviewed by the BOG during the Third Quarter of Fiscal Year 2009, four requests will need a decision in August. One request was deferred by Bonneville for a draft recommendation until a later time. The following categories, as outlined in the attached table (see Attachment 1), address the four project requests and the Council staff's recommendations. In addition, on July 30, 2009, the Council received a letter from Bonneville summarizing these within-year requests being considered during the Third Quarter of Fiscal Year 2009 (see Attachment 2).

### 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 1995-009-00, *Lake Roosevelt Rainbow Trout Net Pens*

The Lake Roosevelt Development Association (LRDA) is seeking \$29,000 in Fiscal Year 2010 expense funds to meet their costs for fish food to meet next years annual releases into Lake Roosevelt. This project is works in collaboration with Spokane Tribal Hatchery and the Sherman Creek Hatchery and rear 750,000 triploid rainbows annually. Due to a lost of a grant that has supplemented the food cost for the past several years (current total feed cost is approximately \$48,000) the LRDA is requesting an additional \$29,000 to meet their rearing needs.

This project is supported by volunteers that assisted in the rearing at the net pens (e.g., construction and feeding) to help reduce the cost of the operations. In Fiscal Year 2009 approximately \$104,000 in confirmed cost shares was recognized. The Fiscal Year 2010 budget has been established at \$147,680 that reflects the Fiscal Year 2009 budget plus a 2.5 percent inflation. The request has taken the Fiscal Year 2010 budget into account for the \$29,000 request.

Staff Recommendation: Based on Bonneville's support for this request, and the understanding that the request accounts for the 2010 budget the Council staff recommends that the Council support this request.

- Project 1989-035-00, *Umatilla Hatchery Operations and Maintenance (O&M)*

The Oregon Department of Fish and Wildlife (ODFW) has requested \$92,694 to cover utility and fish feed - general hatchery maintenance costs. This proposal funds operation and maintenance of Umatilla Hatchery and fish transfers from the Umatilla, Cascade, Oxbow, Bonneville, and Little White hatcheries to acclimation facilities on the Umatilla River. The hatchery has been operating near the Fiscal Year 2007 budget level and costs associated with the operations of the hatchery are anticipated to exceed their implementation planning budget for Fiscal Year 2010.

The Fiscal Year 2010 budget has been established at \$990,831 that reflects the Fiscal Year 2009 budget plus a 2.5 percent inflation adjustment. The sponsor did not take into account the Fiscal Year 2010 inflation factor when making the within-year project-funding request. Based on this understanding the request has been adjusted to \$68,528 to reflect the project's needs in context to the Fiscal Year 2010 budget.

Staff Recommendation: Council staff concurs with Bonneville in supporting this request at \$68,528 for the project's needs in Fiscal Year 2010.

#### Category 4: Lost Opportunity

- Project 2007-318-00, *Knapp-Wham and Hanan Detwiler Irrigation Consolidation and Well Drilling*

The Cascadia Conservation District is requesting \$137,912 in Fiscal Year 2009 funds to complete work necessary to complete work so that the Hanan Detwiler ditch can be closed. Work remains to address landowner needs associated with the conversion to wells and/or for upgrading an existing diversion

The goal of this project is for the consolidation of the Knapp-Wham and Hanan Detwiler irrigation systems that will eliminate partial fish passage barriers associated with 2 surface water diversions, add instream habitat within the lower Entiat River, and enhance instream flows via water saved.

The additional funds requested will address costs to complete the work necessary work to complete conversion to wells and/or for upgrading an existing diversion, so that the Hanan Detwiler ditch can be closed. This budget adjustment is needed to cover the costs associated an underestimated cost associated with the needed upgrade to an existing irrigation diversion (i.e., for the Keystone Ranch).

Staff Recommendation: Bonneville supports the budget adjustment of \$137,912 for this request. The Council staff recommends that the Council also approve this request conditioned that there will be no additional cost increases provided for this project.

- Project 2009-017-00, *TNC Willamette Wildlife Acquisitions*

The Nature Conservancy (TNC) is seeking \$1,912,000 in Fiscal Year 2009 capital funds to acquire fee title interest in the 10.45 acre Watson Property, Lane County, Oregon; acquire a conservation easement interest with active management rights to 150 acres of the 160 acre Smith Property, Polk County, Oregon; and acquire a conservation easement interest with active management rights to the 319 acres of the 350 acre Gahr Property in Yamhill County, Oregon from willing sellers. The request also includes \$30,000 in Fiscal Year 2010 - 2012 expense funds for operations and maintenance cost associated with the acquisitions.<sup>1</sup> These expense funds were already addressed as part of the funding recommendation associated with the Wildlife Categorical Review.

Staff Recommendation: The Willamette subbasin remains an under-mitigated wildlife area in the Columbia River Basin. The Willamette subbasin plan places a high priority for wildlife mitigation on protection and restoration of threatened oak savanna, upland prairie, and wet meadow habitat for valley and foothill species. Bonneville indicates that sufficient Fiscal Year 2009 capital funds exist for these conservation easements and acquisitions. Based on this information, Council staff supports this capital request for a favorable Council recommendation

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<sup>1</sup> The request shows expense funds for FY 2010 - 2012 @ \$30,000 for non-native vegetation control and native vegetation planting.

**Attachment 1: Within-year project funding adjustments received as part of the third quarter of Fiscal Year 2009.**

Category	Project #	Project Title	Sponsor	FY 2009 Budget (BPA)	Request 2009 / 2010	Status
<b>3b1</b>						
	1995-009-00	Lake Roosevelt Rainbow Trout Net Pens	LRDA, Lake Roosevelt Volunteer Net Pen Program	\$144,000	\$0 / \$29,000	Approve @ \$29,000 expense in Fiscal Year 2010
	1989-035-00	Umatilla Hatchery Operations and Maintenance (O&M)	ODFW	\$966,664	\$0 / \$92,694	Approve @ \$68,528 expense in Fiscal Year 2010
<b>4</b>						
	2007-318-00	Knapp-Wham and Hanan Detwiler Irrigation Consolidation and Well Drilling	Cascadia Conservation District	\$50,425	\$137,912 / \$0	Approve @ \$137,912 in '09 expense
	2009-017-00	TNC Willamette Wildlife Acquisitions	The Nature Conservancy	\$1,000,658 (capital)	\$1,912,000 (capital) / \$30,000 (expense)	Approve @ \$1,912,000 in '09 capital
	2009-017-00	TNC Willamette Wildlife Acquisitions	The Nature Conservancy	\$1,000,658 (capital)	\$13,846,000 (capital) / \$3,500 (expense)	Deferred by Bonneville

**Attachment 2: Letter received on July 30, 2009 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

July 30, 2009

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 third quarter review of within-year budget and/or scope modification requests for Fiscal Year 09 [submissions reviewed by BOG in April, May, and June]. These requests were presented at the July 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 3b1**

**Project Number:** 1995-009-00

**Project Name:** Lake Roosevelt Rainbow Trout Net Pens

**Contractor:** Lake Roosevelt Development Association

**BPA-COTR:** Carlos Matthew

**BPA Manager:** Peter Lofy

**Budget Year/Amount Requested:** 2010 / \$29,000

**Funding Type:** Expense

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

**Explanation of need:** The Lake Roosevelt Rainbow Trout Net Pen project is requesting additional funding in order meet the rising cost of fish food as well as compensate for the funding no longer received through the ALEA Grant. The WA state ALEA Grant was used to purchase fish food and was discontinued. This project provides final, off-hatchery rearing, allowing BPA to reduce the cost of rearing fish to release size (if final rearing was completed onsite at Sherman Creek and Spokane Tribal hatcheries).

**BPA draft recommendation:**

BPA supports this request for additional funding to replace funding once received through the ALEA grant. BPA recognizes the importance of this project as it relates to the success of resident fish programs for Lake Roosevelt. BPA will consider this increase in budget planning for FY11 and beyond pending future decisions on continued implementation of the project. BPA expects that the sponsor will continue to seek cost share funds through the ALEA and other grant programs.

**Category 3b1**

**Project Number:** 1989-035-00

**Project Name:** Umatilla Hatchery Operations and Maintenance (O&M)

**Contractor:** Oregon Department of Fish and Wildlife (ODFW)

**BPA-COTR:** Timmie Mandish

**BPA Manager:** Peter Lofy

**Budget Year/Amount Requested:** 2010 / \$68,528

**Funding Type:** Expense

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

**Explanation of need:** The Umatilla Hatchery Operations & Maintenance project is requesting additional funds beginning in FY2010 to operate and maintain the Umatilla Hatchery. This is a request to increase the base funding from FY10 onward. In FY 2008, the contract was increased approximately \$23,000 to cover the additional expense of reallocating production of 350,000 spring Chinook from Little White National Hatchery to the Umatilla Hatchery. This increase covered fish feed and electricity (pumped water). Since 2007, personnel costs, electrical rates, and feed costs have increased. In order to operate the program at the same level as 2007, the FY10 need is \$1,059,358, which is an increase of \$68,528 to the draft FY10 budget of \$990,830.

**BPA draft recommendation:**

BPA supports this request to increase the draft FY10 budget by \$68,528 in order to operate the hatchery at the current production levels. BPA will consider this increase in budget planning for FY11 and beyond pending future decisions on continued implementation of the project.

**Category 4**

**Project Number:** 2007-318-00

**Project Name:** Knapp-Wham and Hanan Detwiler Irrigation Consolidation and Well Drilling

**Contractor:** Cascadia Conservation District

**BPA-COTR:** Cecilia Brown

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** 2009 / \$137,912

**Funding Type:** Expense

**How does this project support a Biological Opinion?** This project supports RPA 57.4 and 34 of 2008 FCRPS BiOp.

**Explanation of need:** The UPA Knapp-Wham Hanan Detwiler Irrigation Consolidation project is requesting additional funding to cover shortfalls in the original budget estimate for this project. The original budget estimate for this project was developed nearly 4 years ago for the 2006 Council solicitation. Prices for construction and materials have greatly increased since then. Completion was also delayed due to a change in project: the original project called for the drilling of several wells. These wells did not produce the desired volume of water, so the Conservation District decided to upgrade a landowner's existing diversion to provide this volume. It took several months to complete design and environmental review for this activity.

(BPA and the Council were notified of this project change during the August 2008 BOG meeting. It was determined at that time that no approval was needed, since there was no change in project scope.)

**BPA draft recommendation:**

BPA supports this request. Additional funding will allow the primary project objective to increase flows in the Entiat River to be achieved. This is a one-time request for FY09.

**Category 4**

**Project Number:** 2009-017-00

**Project Name:** TNC Willamette Wildlife Acquisitions

**Contractor:** The Nature Conservancy

**BPA-COTR:** Dorie Welch

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** FY09 / \$1,912,000

**Funding Type:** Capital

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

**Explanation of need:** The TNC project is requesting additional funding in order to acquire two conservation easements and one property in fee in order to partially mitigate for the remaining wildlife losses associated with the FCRPS projects located in the Willamette Basin. These acquisitions will protect and enhance oak and prairie habitat, key habitats identified in the Willamette subbasin plan and in the Oregon Conservation Strategy, and substantially increase protection of key Fender's blue butterfly populations in the south and north recovery zones of the Willamette Valley. Specifically, TNC proposes to acquire fee title interest in the 10.45 acre Watson Property (Lane County, Oregon); acquire a conservation easement interest with active management rights to 150 acres of the 160 acre Smith Property (Polk County, Oregon); and acquire a conservation easement interest with active management rights to the 319 acres of the 350 acre Gahr Property (Yamhill County, Oregon).

**BPA draft recommendation:**

BPA supports this request. The proposed acquisitions are consistent with wildlife mitigation objectives in the Willamette and will protect an estimated 162 Habitat Units (HU). Actual HU's protected will likely to increase once a field HEP survey is completed, which will occur the summer after the easements are acquired. This is a one-time request for FY09.

**Category 4**

**Project Number:** 2009-017-00

**Project Name:** TNC Willamette Wildlife Acquisitions

**Contractor:** The Nature Conservancy

**BPA-COTR:** Dorie Welch

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** FY09, likely FY10 / \$13,846,000

**Funding Type:** Capital

**How does this project support a Biological Opinion?:** This acquisition will help the Action Agencies work towards their habitat restoration goals under RPAs 7.1 (completion of 2 high-priority habitat restoration projects annually) and 7.4 (restoration of habitat at revetments) in the Willamette Project Biological Opinion.

**Explanation of need:** The TNC project is requesting additional funding in order to acquire fee title to the 1285-acre Wildish tract that includes the confluence and the lower reaches, 6 miles in total, of the Middle and Coast Forks of the Willamette River. The aquatic habitat and the surrounding floodplain forests, upland prairie and oak habitats support up to 31 focal species including federally listed steelhead and Chinook salmon. The property is located in a priority area for aquatic and upland habitat restoration as identified in the Willamette Subbasin Plan and in the Corp of Engineer's Willamette Floodplain Restoration Study, for which BPA has been a cost-share partner. At this time, the HU estimate is not known. This project would also address limiting factors to listed Chinook and steelhead, as identified in the Willamette BiOp and Subbasin Plan.

**BPA draft recommendation:**

BPA is deferring a draft recommendation at this time; we believe the project represent a good opportunity for both wildlife mitigation for Willamette projects as well as important habitat work for listed species. A recommendation will be developed once there is more certainty regarding the minimum wildlife HU's that would be expected from this property and the expected timeframe for potential closing of the acquisition. This is a one-time request.

**Summary**

In summary, the total of expense funding requested in this letter is \$259,606 and \$1,912,000 for Capital. 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 503-230-5499 for further information or if you have any questions.

Sincerely,

William C. Maslen  
Director for Fish and Wildlife

cc: (Electronic mail)

Mr. Mark Fritsch, Northwest Power and Conservation Council  
Mr. Karl Weist, Northwest Power and Conservation Council  
Ms. Stacy Horton, Northwest Power and Conservation Council  
Mr. Jeff Allen, Northwest Power and Conservation Council  
Mr. Kerry Berg, Northwest Power and Conservation Council  
Mr. Brian Lipscomb, Columbia Basin Fish and Wildlife Authority  
Mr. Tom Iverson, Columbia Basin Fish and Wildlife Authority  
Mr. Binh Quan, Columbia Basin Fish and Wildlife Authority



Approved BPA Actions - EXPENSE	Project Number	Project Name	Contractor	Decision Quarter	Planned
	Within-Year Pool Amount:				
	198201301	Coded Wire Tag - Psmfc	Pacific States Marine Fisheries Commission	*	\$3,000
	198201302	Coded Wire Tag - Odfw	Oregon Department of Fish and Wildlife	*	\$3,000
	198201303	Coded Wire Tag - Usfws	US Fish & Wildlife Service	*	\$1,000
	198201304	Coded Wire Tag - Wdfw	Washington Department Fish & Wildlife	*	\$4,000
	198343600	Umatilla Passage Operations and Maintenance (O&M)	Westland Irrigation District	*	\$7,000
	198712700	Smolt Monitoring By Non-Federal	Fish Passage Center/PSMFC	FY09-Q1	\$9,000
	198805308	Hood River Powerdale Dam Fish Trap/Oak Springs/Pelton Ladder - Operation and Maintenance	ODFW/Warm Springs Tribe	FY07-Q4	\$2,000
	198909600	Genetic M&E Prog For Sal/Steel	National Oceanic and Atmospheric Administration	*	\$6,000
	199008000	Columbia Basin PIT Tag Information System (PTAGIS)	Pacific States Marine Fisheries Commission	FY08-Q3	\$1,000
	199008000	Columbia Basin Pit-Tag Information	Pacific States Marine Fisheries Commission	*	\$3,000
	199107800	Burlington Bottoms Wildlife Mitigation Project	Oregon Department Fish & Wildlife	FY08-Q2	\$2,000
	199202604	Investigate Life History Of Spring Chinook Salmon and Summer Steelhead in the Grande Ronde River Subbasin	Oregon Department Fish & Wildlife	FY08-Q1	\$1,000
	199202604	Investigate Life History of Spring Chinook Salmon and Steelhead in the Grande Ronde Subbasin	Oregon Department of Fish and Wildlife	FY08-Q4	\$1,000
	199305600	Research to advance hatchery reform, including captive broodstocks	NOAA Fisheries	FY09-Q1	\$2,000
	199503300	Yakima Phase II Fish Screens Operations and Maintenance (O&M)	US Bureau of Reclamation (BOR)	FY08-Q4	\$2,000

199604300	Johnson Creek Artificial Propagation Enhancement Monitoring and Evaluation	Nez Perce Tribe	FY08-Q4	\$1
199609401	Scotch Creek Wildlife Area	Washington Department Fish & Wildlife	FY08-Q3	\$7
199702400	Avian Predation on Juvenile Salmonids	Oregon State University	FY09-Q2	\$2
199703000	Chinook Salmon Adult Abundance Monitoring	Nez Perce Tribe	FY08-Q4	\$4
199800401	Columbia Basin Bulletin	Intermountain Communications	FY07-Q4	\$9
199800702	Grande Ronde Supplementation O&M - Lostine River Chinook	Nez Perce Tribe	FY08-Q4	\$1
200002100	Securing Wildlife Mitigation Sites - Oregon Ladd Marsh WMA and Grande Ronde Subbasin Wetlands	Oregon Department Fish & Wildlife	FY08-Q2	\$2
200311400	Acoustic Tracking For Survival	Kintama Research Corporation	FY08-Q1	\$1
200725100	UPA Project - Methow Valley Irrigation District East Diversion Dam Replacement	Methow Salmon Recovery Foundation	FY09-Q1	\$2
200740400	OR Snake River Spring/Summer Chinook Salmon Captive Propagation	Oregon Department Fish & Wildlife	FY07-Q3	\$6
200800700	UCUT M&E Program	Upper Columbia United Tribes (UCUT)	FY09-Q1	\$7
200726500	Bitterroot Watershed Subbasin Plan	Montana Water Trust	FY09-Q2	\$5
199503300	Yakima Phase II Fish Screens Operations and Maintenance (O&M)	US Bureau of Reclamation (BOR)	FY09-Q2	\$1
200700300	Dworshak Dam Resident Fish Mitigation	Idaho Department of Fish and Game (IDFG)	FY09-Q2	\$4
200307200	Habitat and Biodiversity Information System for Columbia River Basin	Northwest Habitat Institute	FY09-Q2	\$6

	200600600	Habitat Evaluation Project	Columbia Basin Fish and Wildlife Authority (CBFWA)	FY09-Q2	\$1,
	199802800	Trout Creek Watershed Restoration	Jefferson County Soil and Water Conservation District (SWCD)	FY09-Q2	
			<b>Total Approved Actions:</b>		<b>\$3,</b>
	<b>Current Expense Within-Year Pool Balance:</b>				<b>-\$1,</b>
<b>Draft actions per BPA Recommendation</b>	<b>EXPENSE</b>				
	199500900	Lake Roosevelt Rainbot Trout Net Pens	Lake Roosevelt Volunteer Net Pen Program		
	198903500	Umatilla Hatchery Operations & Maintenance (O&M)	Oregon Department of Fish and Wildlife		
	200731800	Knapp-Wham and Hanan Detwiler Irrigation consolidation and Well Drilling	Cascadia Conservation District		\$
			<b>Total Pending Actions:</b>		<b>\$1,</b>
	<b>Expense Within-Year Pool balance (including pending actions)</b>				<b>-\$3,</b>
	<b>CAPITAL</b>				
	200901700	TNC Willamette Wildlife Acquisitions	The Nature Conservancy		\$1,
	200901700	TNC Willamette Wildlife Acquisitions	The Nature Conservancy		de
			<b>Total Pending Actions (CAPITAL):</b>		<b>\$1,</b>

\*Since the regional RM&E categorical review process has only just begun, BPA restored FY09 project expense budgets back to FY08 funding levels.