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October 29, 2009

## DECISION MEMORANDUM

**TO:** Council Members

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

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

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

### BUDGETARY/ECONOMIC IMPACTS

The total requested amounts are \$372,533 expense and \$50,000 capital funds in Fiscal Year 2010. These amounts are 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 budget 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 October 7, 2009, the Council staff presented the requests and reviewed the schedule for the within-year budget-adjustment requests for the fourth quarter of Fiscal Year 2009. These fourth-quarter requests, reviewed in July, August, and September, will be treated as an amendment to the start-of-year budget for Fiscal Year 2010.

The comment period associated with these requests closed on October 23<sup>rd</sup>. One comment was received from the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWSRO) regarding the within year budget request from the Confederated Tribes of the Grand Ronde

Community of Oregon (CTGR). The CTWSRO objected to this new proposal for regional coordination stating that the CTGR should not qualify for this funding as a fish and wildlife management agency.

On October 29, 2009, the Council received a letter from Bonneville summarizing the within-year requests being considered during the fourth quarter of Fiscal Year 2009 (see Attachment 1, page 6).

## ANALYSIS

Of the seven requests reviewed by the BOG during the fourth quarter of Fiscal Year 2009, four requests are seeking a recommendation in November. Two of the requests triggered the threshold adjustment as part of the budget-tracking process. The remaining request was withdrawn by the sponsor.

The following categories, as outlined in the attached table (see Table 1, page 5), address the four project requests and the Council staff's recommendations.

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

- Project 1988-115-25, *Yakima River Design and Construction-Yakima/Klickitat Fisheries Project (YKFP)*

The Bonneville Power Administration (BPA) is requesting \$50,000 in capital funds for Fiscal Year 2010, 2011, 2012, and 2013 totaling \$200,000 to support the on-going work at the Cle Elum Hatchery associated with the monitoring of the well field as required by the ground water permit for hatchery operations. Part of the terms and conditions of the Amended Temporary Permit for the Cle Elum Hatchery Water Permit were extended as the aquifer used for hatchery well water has not returned to the level that existed prior to operation of the hatchery wells. The requested funds will address actions through 2013 to comply with the on-going monitoring and reporting of well water level data and preparation and submission of Well Field Monitoring reports as required by the water permit.

Staff Recommendation: This request addresses administrative responsibilities for the Cle Elum Hatchery. The additional monitoring and report activities along with trend analyses are part of an amended permit so as to demonstrate that beneficial use can be managed to achieve the non-consumptive parameters of the application for normal hatchery operations. Council staff supports this request.

### Category 4: Lost Opportunity

- Project 1995-057-00, *Southern Idaho Wildlife Mitigation*

The Idaho Department of Fish and Game (IDFG) is requesting \$50,000 in expense funds for Fiscal Year 2010 for pre-acquisition activities. The Southern Idaho Wildlife Mitigation project (SIWM) implements wildlife mitigation in the Middle and Upper

Snake River in coordination with the Shoshone Bannock Tribes and the Shoshone Paiute Tribes. This request is related to the Council-approved request of February 2009 for \$3,500,000 associated with securing a conservation easement on the 24,500-acre Flat Top Sheep Co. Ranch. Though the Council approved this request, it was conditioned with the understanding that it is dependant on Bonneville and IDFG reaching an agreement on the habitat units that would be credited, and that adequate capital funds were available. The capital request earlier this year did not included expense cost, and IDFG and their cost-share partners (i.e., The Nature Conservancy) have found that inadequate pre-acquisition funds remain. The extended negotiations continue for this particular acquisition and have impacted the remaining pre-acquisition funds to a level not adequate to cover the estimated closing costs.

Staff Recommendation: Negotiations continue on securing a conservation easement on the Flat Top Sheep Co. Ranch. At this time, no additional action should be taken due to the sensitivities associated with the ongoing talks between Bonneville and IDFG. Based on this information Council staff concurs with Bonneville to defer a decision at this time.

#### Category 5: Other

- Project 2009-025-00, *Grand Ronde Tribe Coordination*

The CTGR is requesting \$129,474 in expense funds for Fiscal Year 2010. These funds will contribute to the support of Tribal technical staff and policy representatives to participate and assist in regional fish and wildlife activities and processes in the Willamette Basin and lower Columbia, and provide technical reviews of program projects and issues. In addition, the funds will assist the Tribe in participating in the programmatic issues and related Biological Opinion as it relates to the construction, operation, and maintenance of the Federal Columbia River Power System (FCRPS) in the implementation of the Willamette Biological Opinion.

This coordination request, if approved, will establish a new project and would be the seventh regionally funded coordination project in the Fish and Wildlife Program (i.e., in addition to Upper Snake River Tribes (#2007-407-00), Columbia Basin Fish and Wildlife Authority (#1989-062-01), the Upper Columbia United Tribes (#2007-108-00), Columbia River Inter-tribal Fish Commission (#1998-031-00), the Spokane (#2007-106-00) and Kalispel Tribes (#2007-162-00)).

Currently the regional coordination projects are funded at \$2,420,169 in Fiscal Year 2010. This amount reflects past Council decisions and the placeholder as established as part of the Fiscal Year 2007 – 2009 funding recommendation.

Staff Recommendation: The request is intended to support Tribal participation in regional and local processes that assist in the implementation of the fish and wildlife program. The coordination supported by this proposal is consistent with the regional coordination activities funded through the program. Whether a tribe, or any entity, gets coordination funding is based on whether there are tasks within the program that would be implemented more efficiently if the relevant entity is provided coordination funding.

The request from the Grand Ronde Tribe to assist in the implementation of the Program in the Willamette and lower Columbia is reasonable and Council staff recommends the Council support this request. This recommendation is conditioned on the funding not being taken from the current regional coordination placeholder.

- Project 2007-394-00, *Idaho Watershed Habitat Restoration-Lemhi District*<sup>1</sup>

The Idaho Office of Species Conservation (IOSC) is requesting \$243,059 in expense funds for Fiscal Year 2010. The requested budget adjustment is intended to address continued development of a subbasin planning tool (\$20,500), staff to coordinate project implementation (\$36,704) and an additional \$185,855 for implementation of projects (i.e., installing fence).

This project provides local coordination, guidance, and implementation of on-the-ground projects intended to improve and enhance anadromous and resident fish habitat and fish passage in the Upper Salmon subbasin. This project is supported by the FCRPS 2008 BiOp (i.e., RPA 34, Tributary Habitat Implementation) by enhancing riparian zones through fencing and other methods. In the past this project has operated under budget and generally underperformed due to poor management. Project management structure was changed in 2007 when IOSC was identified as the sponsor for the project. Last year (FY 2009) the project performed better in implementing projects on the ground.

The majority of the budget adjustment requested is for on-the-ground work (i.e., \$185,855) addressing four fencing actions totaling 3.4 miles of stream (i.e., on the Middle and Upper Carmen Creek, Hayden Creek and Lemhi River) that will enclose 87.5 acres of riparian habitat. In addition, the budget will remove an existing diversion from one of the most productive tributaries in the Lemhi (i.e., Hayden Cr.<sup>2</sup>). The remaining funds associated with this request (i.e., \$57,204) are contributing to a project-support tool and staff.

Staff Recommendation: This request is targeting specific limiting factors<sup>3</sup> affecting Snake River spring/summer Chinook and Snake River steelhead in the Upper Salmon Basin associated with the FCRPS 2008 BiOp as confirmed in the 2009 GAP analysis. Based on the understanding that these actions are enhancing riparian zones through fencing and other methods, the Council staff recommends that the Council support this budget adjustment request for Fiscal Year 2010.

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<sup>1</sup> As part of the FY 2007-2009 solicitation this project was reviewed and recommended under Project #1992-026-03, *Upper Salmon Basin Watershed Project (USBWP)*, which provides technical and administrative support with project implementation guidance to landowners to implement fish habitat projects on private lands.

<sup>2</sup> Hayden Creek is the only fully functioning tributary in the Lemhi. It supports anadromous and resident fish spawning and rearing: Bull trout, Chinook and steelhead

<sup>3</sup> In the "Comprehensive Analysis of the FCRPS and Mainstem Effects of Upper Snake and other tributary Actions" (August 2007) the action agencies made a commitment to a 7% increase in egg- to- smolt survival in the Lemhi disconnected tributaries and Carmen Creek. Limiting factors include low stream flow, migration barriers, sediment, and entrainment in irrigation diversions. Actions addressing primary limiting factors include replacing impassable culverts screen diversions on tributaries scheduled for reconnection, moving points of diversion to points further downstream, and modifying irrigation diversions to accommodate fish passage.

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

Category	Project #	Project Title	Sponsor	FY 2010 Budget (BPA)	Request	Status
<b>3a</b>						
	1988-115-25	Yakima River Design and Construction- Yakima/Klickitat Fisheries Project (YKFP)	BPA	\$6,000 (capital)	\$200,000 <sup>4</sup> (capital)	Approve @ \$200,000
<b>4</b>						
	1995-057-00	Southern Idaho Wildlife Mitigation	Idaho Dept of Fish and Game	\$422,260	\$50,000	Defer
<b>5</b>						
	New Project 2009-025-00	Grand Ronde Tribe Coordination	The Confederated Tribes of the Grand Ronde	NA	\$129,474	Approve @ \$129,474
	2007-394-00	Idaho Watershed Habitat Restoration-Lemhi District	Idaho Office of Species Conservation	\$420,000 <sup>5</sup>	\$243,059	Approve @ \$243,059
<b>Threshold</b>						
	1996-021-00	Gas Bubble Disease Monitoring	USGS Columbia River Research Lab	\$21,478	\$663	Threshold, approved 8-6-09
	1984-025-00	Blue Mountain Fish Habitat Improvement	Oregon Department of Fish and Wildlife	\$365,000	\$26,369	Threshold, approved 7-31-09
<b>Withdrawn</b>						
	2007-535-00	Physical and Biological Testing of a Flow Velocity Enhancement System (FVES)	Natural Solutions	\$318,310 <sup>6</sup>	NA	Withdrawn by sponsor

<sup>4</sup> This request addresses administrative needs associated with the Cle Elum Hatchery to fulfill water permits that require well field monitoring at \$50,000 per year for Fiscal Years 2009 thru 2012.

<sup>5</sup> This is Bonneville's FY 2009 budget. The contractual period associated with this project runs from September 1, 2009 to August 31, 2010.

<sup>6</sup> This is the budget that was provided to this project as part of the Innovative Project Review in 2007.

**Attachment 1:** Letter received on October 29, 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

October 29, 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 fourth quarter review of within-year budget and/or scope modification requests for Fiscal Year 09 [submissions reviewed by BOG in July, August and September]. These requests were presented at the October 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:** 1988-115-25

**Project Name:** Yakima River Design & Construction-Yakima/Klickitat Fisheries Project (YKFP)

**Contractor:** Yakama Confederated Tribes

**BPA-COTR:** Patty Smith

**BPA Manager:** Peter Lofy

**Budget Year/Amount Requested:** \$200,000 (\$50,000 each in 2010, 2011, 2012 and 2013)

**Funding Type:** Capital

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

**Explanation of need:** The State of Washington Department of Ecology (DOE) amended the Cle Elum Hatchery Temporary Permits associated with Water Right Applications in June 2007. The

amended permit is to conduct further collection of groundwater data during hatchery operations (long duration well field monitoring) and to authorize beneficial use for continuous fish propagation. Without the additional groundwater data, DOE cannot issue a Final permit to extract groundwater for hatchery operation and thus the option to use groundwater for hatchery operation will be eliminated. This request presents tasks planned over the five years to comply with the requirements contained in the Amended Temporary Permits. It will result in a groundwater supply required for continued operation of the Cle Elum Hatchery and issuance of the groundwater permits to support those water needs. The aquifer used for hatchery well water has not returned to levels that existed prior to operation of the hatchery wells. The aquifer appears to be stabilizing within predictable levels each year although not at the levels previously observed. Because of ground water level trend uncertainty, DOE finds that additional conditions must be met and that continuous monitoring and reporting is required to demonstrate that beneficial use under this permit can be managed to achieve the non-consumptive parameters of the application and permit. The duration of the Temporary permit authorization is limited to the life of the facility so long as the property is used for YKFP artificial fish production and associated research or unless sooner revoked.

**BPA Draft Recommendation:** BPA supports this request as it is necessary to support the CESRF hatchery water permits that provide for water supply to the Cle Elum Fish Hatchery. The contract presents tasks planned over a five year period (2009 through 2013) to comply with the on-going monitoring and reporting of observation well water level data and preparation and submission of Well Field Monitoring reports as required by the water permits. Real time monitoring will result in producing daily and monthly reports for well field performance. This request is outside the scope of the Yakama Nation's Columbia River Basin Fish Accord; Ecology's requirement was not contemplated during negotiation of the Accord.

#### **Category 4**

**Project Number:** 1995-057-00

**Project Name:** Southern Idaho Wildlife Mitigation

**Contractor:** Idaho Department of Fish and Game (IDFG)

**BPA-COTR:** David Byrnes

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** FY2010 / \$50,000

**Funding Type:** Expense

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

**Explanation of need:** Under the Southern Idaho Wildlife Mitigation project, Idaho Department of Fish & Wildlife (IDFG) is requesting additional funding for pre-acquisition costs associated with the planned acquisition of Flat Top Ranch. The FY10 expense budget is distributed to IDFG for Administration and Operations & Maintenance. The additional funds requested would cover a one-time cost needed to support pre-acquisition activities for The Nature Conservancy (TNC), IDFG as well as BPA real property services (internal costs). The estimated pre-acquisition costs for TNC are \$90,000. The IDFG's share of those pre-acquisition costs is approximately \$66,000 of which \$16,000 is available in the current contract. Thus \$50,000 is requested to cover the balance of the pre-acquisition costs due TNC.

**BPA Draft Recommendation:** BPA is deferring a decision at this time pending continuing discussions of Southern Idaho Wildlife Mitigation settlement options.

**Category 5**

**Project Number:** 2007-394-00

**Project Name:** Idaho Watershed Habitat Restoration-Lemhi District

**Contractor:** Idaho Office of Species Conservation

**BPA-COTR:** Jan Brady

**BPA Manager:** Paul Krueger

**Budget Year/Amount Requested:** FY2009 / \$243,059

**Funding Type:** Expense

**How does this project support a Biological Opinion?** This project supports the FCRPS 2008 BiOp, RPA 34 Tributary Habitat Implementation.

**Explanation of need:** The Idaho Watershed Habitat Restoration-Lemhi District project is requesting additional funding in order to accomplish its mission of improving and increasing in-stream habitat in the Upper Salmon Basin. An agreement between the State of Idaho and BPA in 2008 resulted in agreement for the Idaho Office of Species Conservation (OSC) to serve as liaison and BPA sponsor for the Upper Salmon Basin Watershed Office. The with-in year request would provide funds for coordination, development, and implementation of on-the-ground projects for tributaries of the Salmon River, not covered under the Idaho Accord. Activities include: continue to develop sub-basin planning tool (\$20,500); day-to-day construction manager to implement projects (\$36,704); and implementation of two culvert projects in the lower Lemhi that will open up approximately 10 miles of habitat (\$185,855).

**BPA Draft Recommendation:** BPA supports this request. This project provides local coordination, guidance, and implementation of on-the-ground projects intended to improve and enhance anadromous and resident fish habitat and fish passage in the Upper Salmon subbasin. In the past this project has operated under budget and generally underperforming due to poor management. Project management structure was changed in 2007 when OSC was identified as the sponsor for the project. Over the past two years the project has had better success in implementing projects on the ground. Restoration work in the Salmon River and its tributaries supports the BiOp where there are significant spawning and rearing limiting factors that are being addressed to improve conditions for listed Steelhead and Chinook.

**Category 5**

**Project Number:** 2009-025-00

**Project Name:** Grand Ronde Tribe Coordination

**Contractor:** Grand Ronde Confederated Tribes

**BPA-COTR:** Jason Karnezis

**BPA Manager:** Rosy Mazaika

**Budget Year/Amount Requested:** FY2010 / \$129,474

**Funding Type:** Expense

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

**Explanation of need:** The Grand Ronde Tribe Coordination project is a new project requested by the Grand Ronde Tribe. The Tribe (CTGR) has identified the need to participate in regional Fish and Wildlife activities, engage in regional processes, provide technical reviews of F&W Program projects/issues, participation in the implementation of the Willamette Biological Opinion, and coordinate public outreach and information dissemination.



***BPA Draft Recommendation:*** BPA supports this request. The request is generally consistent with our trust responsibilities and consistent with other regional coordination projects that provide funds for fish and wildlife managers to coordinate their interests in relation to FCRPS mitigation activities under the Council's Program, including Columbia Basin Fish and Wildlife Authority, Columbia River Inter-Tribal Fish Commission, Upper Columbia United Tribes, Upper Snake River Tribes, Kalispel Tribe, and Spokane Tribe.

**Summary**

In summary, the total of expense funding requested in this letter is \$243,059 (2009 Project Year) \$179,474 (2010 Project Year) and capital of funding of \$200,000 (2010-2013 Project Years). 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,

/s/

William C. Maslen  
Director for Fish and Wildlife