

October 11, 2006

Mr. Mark Walker, Director of Public Affairs
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, OR 97204

Dear Mr. Walker,

The Snake River Salmon Recovery Board (Board) appreciates the opportunity to comment on the Northwest Power and Conservation Council's (Council) draft fish and wildlife funding recommendations to the Bonneville Power Administration (BPA) for Fiscal Year 2007 through 2009. The Board recognizes the difficulty faced by the Council in allocating limited resources throughout the Columbia Basin. The Board supports the draft recommendations for expense projects in the Asotin, Tucannon, Lower Snake and Walla Walla subbasin and while additional resources would have assisted the region in moving closer to full implementation of these plans we respect the draft recommendations.

In June 2006, the Board approved a list of prioritized projects for each of the four subbasins in the region. The Board's prioritized lists were developed by the many stakeholders, agencies, Tribes and elected officials in these subbasins. These lists were consistent with the priorities identified in the recently completed subbasin plans and salmon recovery plan for this region.

A unique set of circumstances exists with respect to the Walla Walla subbasin project list. Several of the projects on that list have been identified as eligible for capital funding. Therefore the bi-state Walla Walla Subbasin Planning Team (SBT) and Board present to the Council and BPA a revised project and subbasin budget request due to recent efforts to capitalize portions of several projects being proposed in the Walla Walla subbasin. Much of these costs were initially included in the basins's expense. Specifically, our request is to capitalize significant portions of several projects and to allocate the savings towards other recommended projects in the subbasin. The intent of this request is to (1) align projects appropriately with BPA expense and funding categories, (2) expand the ability to implement more Subbasin Plan-supported and locally- recommended projects during this funding cycle and, (3) reduce the project funding request for expense related projects.

During the last month the SBT and Board have worked with Council and BPA staff to properly identify elements of projects in the Walla Walla subbasin that could be capitalized. The SBT and Board and all of our partners greatly appreciate the willingness and guidance offered by staff to assist us in this effort.

This work required that individual sponsors combine their projects, which required a significant amount of work and coordination on their behalf. The success and value of collaboration is clearly evident in our efforts to merge projects by multiple sponsors and is worthy of recognition. The result of the collaborative capitalization effort is that the SBT and Board have identified two scenarios for the Council and BPA's consideration. The first scenario is based on combining and capitalizing three projects (Walla Walla Juvenile and Adult Passage Improvements, Gardena Farms Irrigation District Irrigation Efficiency and Instream Flow, and Restore Walla Walla River Flow). The second scenario is based on adding the Touchet Eastside and Westside Irrigation District Piping project to those three projects as well as adding the Council-required three-step planning process for the proposed Walla Walla Hatchery.

The Council's draft target allocation for expense projects in the Walla Walla subbasin was \$7,554,000. Our understanding is that expense monies "saved" by capitalizing other projects will remain in the Walla Walla subbasin for allocation to other recommended expense projects. The first scenario presented results in capitalization of \$4,763,500 while the second scenario results in capitalization of \$5,863,500. Regardless of the scenario, the attached Table illustrates that the total budget recommended for expense projects is well below the \$7,554,000 target allocation. BPA is in a position to fund all recommended projects to the level requested by the sponsor and ensure that the Subbasin Plan is implemented to the fullest extent possible during this funding cycle.

Expanded Expense Funds Allocation Process

After the project sponsors combined their projects, members of the SBT met to discuss alternatives and approaches at allocating the "expanded expense" monies towards recommended projects. The SBT agreed that its guiding principal would be to respect and acknowledge the priority order of projects developed by the full SBT that were supported by the Watershed Planning Unit and Regional Recovery Board. This guiding principal focused the members to evaluate in ranked order whether each project was funded to at least the 2006 (on-going) level and to allocate funds where needed to bring the on-going projects to the on-going funding level. The second guiding principal was to consider the percentage of funds going towards research, monitoring and evaluation projects. The SBT recognizes that BPA prefers to spend no more than 25% of its subbasin allocation on RME projects. The final guiding principal was to recognize and respect the OSPIT and ISRP recommendations. These guiding principals are presented in no particular ranked order.

Scenario A in the attached Table reflects the three guiding principals and results in a funding recommendation that will fund all 9 projects supported by the Council, ISRP and OSPIT to the on-going level or higher.

Scenario B in the attached Table is identical to Scenario A except that this scenario proposes funding for the remaining two projects; Touchet Eastside and Westside Irrigation District Piping and the NEOH Walla Walla Hatchery-Three Step Master

Planning Process. It must be noted that both of these projects were recommended for funding throughout the local review and ranking processes but not recommended by ISRP. The SBT and Board acknowledge apparent misunderstandings in ISRP comments regarding these two projects and are prepared to work with the Council and ISRP to reconcile those misunderstandings. While OSPIT and the Washington NWPCC processes recommended no funding for these two projects we understand that the reason was not because they are poor projects but instead was due to the initial funding limitations that have now been addressed through our capitalization effort.

If the collective effort by all parties to merge projects and capitalize significant costs is unsuccessful, the SBT and Board request that \$500,000 be moved from the aquatic habitat monitoring proposal to the salmonid monitoring proposal. This request is supported by the two project sponsors, the SBT and Board, and results in a funding level consistent with on-going levels for the habitat monitoring project (\$350,000; 3-year total) and a funding level \$130,000 higher than the on-going level for the salmon monitoring project (recommended level is \$2,100,000; 3-year total amount). The combined RME budget will remain identical to that recommend by Council members, which was \$2,450,000 and our request is in response to maintaining consistency with local project rankings.

We understand the difficulty you face in making allocation decisions across the Columbia Basin at a time that resources are scarce. Fortunately neither of the scenarios we have generated requires funding above the levels already recommended for the Walla Walla subbasin. We would like to once again emphasize the challenges and recent success at developing collaborative, consensus based recommendations at the geographic scale necessary to effectively implement salmon recovery programs, of which subbasin plans are a critical component. It is uncommon for a large and diverse set of interests to form a coalition and agree on a single recommendation and we remain hopeful that the Council and BPA recognize the value of cooperation among all stakeholders and the importance of regional collaboration when final funding decisions are made. The SBT and Board are prepared to work with staff, ISRP and Council members as final decisions are made and remain optimistic that our collective efforts to capitalize significant costs will result in full implementation of the Walla Walla subbasin plan during this funding cycle.

Thank you for your consideration,

Jay Holzmilller, Co-Chair

Eric Myers, Co-Chair

cc: Dr. Tom Karrier, Northwest Power and Conservation Council
Frank L. (Larry) Cassidy, Jr., Northwest Power and Conservation Council
Melinda Eden, Northwest Power and Conservation Council
Joan Dukes, Northwest Power and Conservation Council
Greg Delwiche, Bonneville Power Administration

Walla Walla Subbasin Scenarios

Prop Number	Title	Request	On-going Level (3-yr)	NWPCC Recommendation	SCENARIO A		SCENARIO B	
					Capital	Expense	Capital	Expense
200721700*	Operation and Maintenance for Walla Walla Basin Passage Projects	\$548,175	\$548,175	\$550,000	\$0	\$548,175	\$0	\$548,175
199601100**	Walla Walla Juvenile and Adult Passage Improvements	\$2,325,000	\$3,000,000	\$1,160,000	\$2,525,000	\$111,000	\$2,525,000	\$111,000
200003900	Walla Walla Subbasin Collaborative Salmonid Monitoring & Evaluation Project	\$4,216,213	\$1,970,388	\$1,600,000	\$0	\$2,743,080	\$0	\$2,743,080
200733000	Gardena Farms Irrigation District Irrigation Efficiency and Instream Flow Project	\$1,086,500	\$0	\$1,086,000	\$1,086,500	\$0	\$1,086,500	\$0
200734000	A multidisciplinary collaborative approach to aquatic habitat monitoring & evaluation in the Walla Walla Subbasin	\$857,000	\$120,000	\$850,000	\$0	\$685,600	\$0	\$685,600
200002600	Rainwater Wildlife Area Operations and Maintenance	\$914,778	\$914,778	\$900,000	\$0	\$914,778	\$0	\$914,778
200203600	Restore Walla Walla River Flow	\$1,408,374	\$411,494	\$1,408,000	\$1,152,000	\$90,000	\$1,152,000	\$90,000
200728800	Touchet Eastside and Westside Irrigation District Piping	\$1,000,000	\$0	\$0	0	0	\$900,000	\$100,000
199604601	Walla Walla River Basin Fish Habitat Enhancement	\$1,013,131	\$832,851	\$0	\$0	\$1,013,131	\$0	\$1,013,131
200003300	Walla Walla River Fish Passage Operations	\$387,703	\$351,381	\$0	\$0	\$387,703	\$0	\$387,703
200003800	NEOH Walla Walla Hatchery - Three Step Master Planning Process	\$750,000	\$60,000	\$0	\$0	\$0	\$200,000	\$650,000
		\$14,506,874	\$8,209,067	\$7,554,000	\$4,763,500	\$6,493,467	\$5,863,500	\$7,243,467
					SCENARIO A Combined Request		SCENARIO B Combined Request	
Capital plus Expense:					\$11,256,967		\$13,106,967	

- * This project used to be a subcomponent of project 199601100 (passage improvements) and its individual 06 budget was \$182,725 (3-yr budget was \$548,175)
- ** The budget request for this project is higher than initially requested as shown in Column C because final design costs request in 06 were not approved but are necessary to include in this request.

The two monitoring proposal budget requests were reduced by 20% each so that the combined RME request is 27% of the subbasin allocation if approved as requested (\$3,428,680/\$12,530,129=27%)

SCENARIO A is consistent with local priorities including elevated funding for RME, maintains at least on-going funding levels for most other projects and is consistent with ISRP comments and OSPIT recommendations. This Scenario results in an expense request of \$6,493,467 which is a request of \$1.06 million less than the \$7,554,000 budget recommendation by the NWPCC

SCENARIO B is the same as SCENARIO A except that this scenario provides funding for two additional projects that were recommended by the subbasin team in June. We recognize that further discussions with the Council may be needed for these two projects (Touchet piping project and NEOH hatchery planning). This scenario results in an expense request of \$7,243,467, which is \$310,533 less than the budget recommendation by the NWPCC.