

Tom Karier
Chair
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

Jim Kempton
Idaho

Judi Danielson
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

August 3, 2006 (Revised August 29, 2006)

MEMORANDUM

TO: Council members

FROM: Staff

SUBJECT: FY 2007-2009 project review, Mainstem on the ground/multi-province category (Strawman project list with logic path, revised July 29, 2006)

At the August fish and wildlife committee and Council meeting, staff will present a straw man project list and budget for the collection of proposals called the "Mainstem on-the-ground and multi-province."

This category is different from the basinwide and the province sets of proposals for two reasons. First this is a collection of miscellaneous types of proposals and staff could not apply overriding principles for review and comparison of proposals, other than to consider ISRP review and basic priority notions. Also, this set of proposals was not assigned to a specific review group (in contrast to provinces and basinwide); instead it has been a staff-led exercise, although we did receive recommendations from MSRT that are useful.

This collection of work consists of 19 proposals (15 on-going, 4 new), and is requesting \$19.179 million in FY 2007. The allocation target for this work is \$13.4 million. In addition to reviewing the proposals, a budget reduction exercise is necessary.

The following are the staff's starting premises to reduce proposals to a strawman package:

- using information and the issues identified, staff developed a strawman that is essentially a refined version of the staff alternative B: using project requested budgets and looking closely at the ISRP, UPA/BiOp reviews, etc.
- flat-lining budgets to FY 2006 levels is *not* a beginning premise.
- with limited exceptions at the end of the exercise, we did *not* reduce project budgets based on supposition that project could "do the same work for less."
- there was no bias going in for or against new or ongoing projects.

- develop a logic path using some basic organizing categories/criteria to explain steps to reduce project lists and costs to get to strawman budget allocation, based on observations that staff (and MSRT) already made in earlier exercises: e.g., ISRP review, scope expansion priority, other priority observations.

Baseline total amount of project funding requests for '07 **\$19,179, 944**

Step 1: reduced or removed due to ISRP concerns

- | | |
|--|--------------------------|
| a) mid-Columbia trophic dynamics (200703600): | -633,000
\$18,546,944 |
| b) restoration of historical salmon habitat (200718300): | -382,000
\$18,164,944 |
| c) listed stock gamete (199703800): requested 339k; reduce to 65k o&m; will need to check that 65k is right number for those tasks | -274,525
\$17,890,419 |
| d) Klickitat/bull trout (200306500): | -305,000
\$17,585,419 |

Step 2: Proposed scope expansion as a priority issue

- not an automatic problem as in years past; yet still a priority issue
- proposed scope expansion not accepted; started w/ '06 budget for on-going scope, then bumped up a bit (approx. 5%) to illustrate possible budget situation in '07 on existing scope; if took this path, would need to get '07 budget based on work elements

- | | |
|--|--------------------------|
| a) kelt reconditioning (200001700): requested 945k; '06 was 400k; bump to 420k: | -526,906
\$17,059,513 |
| b) focus watershed (199706000): requested 411k; '06 was 140k; bump to 147k | -264,315
\$16,795,198 |
| c) HEP (200600600): requested 341k; '06 was 187k; NEW*support MSRT @ 160k | -181,828
\$16,613,370 |
| d) evaluate spawning of fall ch and chum (199900301): requested 1.184m; '06 was 780k; bump to 819k | |

-364925
\$16, 248,445

Step 3: Priority concerns for other reasons

- | | |
|--|---------------------------------|
| a) evaluate chum limiting factors (200001200): | -304,626
\$15,943,819 |
| b) zone 6 bank sales record (200723800): | -74,027
\$15,869,792 |
| c) bull trout status monitoring in Snake (200714600): | -129,372
\$15,740,420 |
| d) predator Control for Northern Pikeminnows (199007700): based on Council's long past experience w/ project and current comments, reason to believe the project objectives can be met for less than proposed: proposed 3.884m; reduce to 3m | -884,000
\$14,856,375 |
| e) avian predation (199702400): requested 700k, representing an expansion in scope; in any event, expanded scope is not a priority, so back at least to around '06 level of 470k; but this really should be a Corps project, not hydro responsibility; w/ tight budget, remove from list and recommend that it be funded by Corps; lower priority than funding water brokerage at requested amount. NEW* add back in at '06 level. | -230,000
\$14,626,375 |
| f) research hatchery reform (199305600): requested 1.474m (up from 1.468m in '06); ISRP and MSRT both questioned priority of all of the research elements in this proposal; some elements clearly core, but other elements are a lower priority compared to other needs in this project category; reduce to 1m | -474,000
\$14,152,330 |
| g) Reintroduction of Chum Salmon into Duncan Creek (200105300). Fund from the Lower Columbia province. | -326,113
\$13,826,217 |

At this point, we are still \$426,217 over the budget allocation. Staff sees three alternatives (or a combination of all three) to get there:

Alt 1: Reduce water brokerage (200201300) amount. Main justification for this is that the project has not spent near its allocation for water transactions in the past, so reducing the water portion this much should have no effect.

Alt. 2: Reduce the white sturgeon project (198605000) (note: FY 2006 level of \$1.432m). The MSRT recommended holding to the FY 2006 level at least, with the comment that the collaborating entities would need to restructure to fit within a reduced budget. Initial staff investigation indicates it might be able to go as low as \$1.1m.

Alt. 3: Flat line to FY 2006 amounts. Another option is to flat line to '06 levels those four projects otherwise assumed to get an '07 request that is higher than the '06 amount [white sturgeon, manchester, duncan creek, and nez perce tribal monitoring] *and* hold the four "scope expansion" projects discussed above to their '06 levels [kelt reconditioning, focus watershed and evaluate spawning of fall chinook, etc.]. See attachment reflecting 8/28/06 staff discussion.

NOTES:

- Five projects were *not* removed or reduced based on any of the principles in the Steps (altho all figure in some way in the three final alternatives). These are:
 - white sturgeon (198605000): requested 1.613m; '06 was 1.432m
 - manchester (1996067000) requested 795 k; '06 was 767k
 - duncan creek (200105300): requested 326k; '06 was 294k NEW* fund from LC
 - nez perce harvest monitoring (200206000): requested 336k; '06 was 326k
 - water brokerage (200201300): 5m
- The water brokerage proposal is a pivot point; more than 1/3 of the category allocation. High priority, highly valued project. Including it at requested amount will require significant tradeoffs to reach budget allocation (e.g., avian predation removal; pikeminnow reductions; and/or big reduction in research hatchery reform, etc.). Plus a couple of issues to consider: continue the land acquisition element (\$1m in '06)? project has not been spending close to its water transaction allocation -- reduce allocation for water piece or keep it the same and assume project will ramp up and take on new aspects?
- As noted above, choosing an option to flat line to '06 levels those projects given an '07 request level (either as asked for or as a result of estimating an '07 level after reducing for a scope expansion) would save approx. \$325k