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MEMORANDUM

TO: Regional Coordinating Group

FROM: Council Staff

SUBJECT: Project selection process and implementation of subbasin plans

I. Introduction

At their October meeting the Council's Fish and Wildlife Committee had an introductory discussion with Council staff regarding the next project selection process, implementation of subbasin plans and the Fish and Wildlife Program. Council staff has continued to discuss these topics. Concepts for the next project selection process are briefly described below. These concepts will be presented to the Fish and Wildlife committee at their November meeting for further discussion, for a potential recommendation to the full Council in December. In preparation for further Council discussion, the Council staff is seeking regional comment on the design of the next selection process. Council staff has developed a working concept for project selection that would allow implementation of subbasin plans as quickly as possible by initiating a provincial solicitation and review on an expedited basis. This alternative, and others are discussed in section III below.

II. Background

The Council initiated a three-year sequential provincial review process in 2000 that solicited project proposals by province and provided three-year project funding recommendations to the Bonneville Power Administration. The initial round was completed in 2003 when the Council adopted recommendations for the Mainstem/Systemwide projects. The initiation of another round of project selection has awaited the completion of subbasin plans so that the adopted plans will be used as a basis for project selection. The implementation of the initial round of project selection recommendations was also complicated by Bonneville's financial crisis of 2003 and changes in Bonneville's accounting for project budgets that have extended the original recommendations until FY 2005 and 2006.

The 2000 Fish and Wildlife Program defined project solicitation, review and selection based on needs identified at the provincial and subbasin scale. Future provincial project selection processes were to be sequenced over several years to better focus on a limited number of provinces and subbasins each year and allow for a more in-depth review of proposed projects. With the first subbasin plans scheduled for adoption this coming December, the staff has discussed issues for beginning a new selection process to implement the subbasin plans.

The staff recognizes that there are ongoing needs that make it difficult to quickly initiate a new project selection process guided by subbasin plans. These include, in no particular order of emphasis:

- Yet to be determined future funding commitment and requirements from Bonneville (being developed through ongoing future funding agreement discussions for the rate period that begins in Fiscal Year 2007).
- The need to complete definition and design of an integrated regional monitoring program (currently being assisted by the Pacific Northwest Aquatic Monitoring Partnership (PNAMP) but requiring continued regional management and policy involvement).
- The next steps of the Artificial Production Review and Evaluation (APRE) anticipate review and prioritization of hatchery modifications and upgrades and improved linkages with subbasin plan goals and objectives. As the staff is outlining in continuing discussions with the Council and the region, these discussions are likely at the province and basin scale.
- Lack of provincial scale goals and objectives (envisioned by the 2000 Program as a basis for comparing strategic priorities between subbasins. The Council initiated planning at the subbasin scale first.).
- ESA requirements (the draft revised 2000 Biological Opinion is receiving public comment and proposes offsite mitigation requirements for the federal hydro system and also targets for survival improvements for listed stocks).
- Opportunities to coordinate with other funding sources (such as the Pacific Coastal Salmon Recovery Fund and other federally appropriated programs) and their funding processes.

Consultation on a new selection process

The Council staff offers this memo to present its initial concepts and alternatives. In addition to staff discussions with the Council, there are a number of parties who will want to contribute to the design of the next selection process and for the remainder of November and through December the Council staff will need to complete these consultations. Actions will include:

- Seeking input and thoughts from the ISRP based on their role in the last process. In addition, determine ISRP scheduling and capacity - lead time and review schedules.

- Work with Bonneville on project management and ESA requirements. Bonneville has implementation and participation needs, including project management information that will be used in their PISCES project database and ESA implementation requirements. In addition, Bonneville may be seeking procedures for expedited review of project proposals for Biological Opinion implementation (to address the integration of NOAA and FWS ESA requirements and support recovery planning).
- Discuss expectations with the subbasin planning Level 2 groups so that the Council can explore adapting the subbasin planning structure to inform project selection.
- Meet with the Regional Coordinating Group regarding subbasin plan implementation issues.
- Continue discussing the roles of and support from the state, federal and tribal fish and wildlife management recommendations. Tribal staffs have emphasized the importance of consulting with the tribes on the design of the project selection process.
- Develop a solicitation form confirmed by BPA, Council - consult CBFWA
- Determine meeting and travel support for the recommended alternative (CBFWA supported this last time)
- Development, solicitation and processing support (BPA and CBFWA staff last time)

III. Discussion

The Council staff is seeking to propose a project selection process that is consistent with the 2000 Fish and Wildlife Program, will incorporate regional coordination efforts related to research, monitoring and evaluation and artificial production, will implement subbasin plans and local priorities as soon as possible, will re-establish a process that is consistent and predictable, and will be sustainable through the next long term funding agreement. The staff believes that the rolling provincial review process as designed for the 2000 Fish and Wildlife Program meets these objectives. Staff and others in the region have raised concerns however that a preliminary process may be necessary to allow for more timely implementation of subbasin plans and to ensure that ongoing work in the program remains consistent with Council recommendations. The staff working concept of an expedited provincial solicitation would address these concerns.

Timeline for initial implementation: With subbasin plans nearing adoption and previous provincial review recommendations expiring, it would be appropriate to begin implementation in FY 2006. Reasons for doing so include demonstrating the value of subbasin plans through implementation as soon as possible and resuming a review of ongoing projects to confirm their priority in the subbasin plans. At the same time, FY 2006 is the closing year of the current funding agreement and we don't yet know how much funding can be reallocated to new work in 2006 or that will be available in 2007 and beyond. Options for freeing up funds for new work include evaluating costs committed and obligated by BPA, with all other funding utilized to

implement subbasin plans; subjecting all new and ongoing work to review under a new solicitation process; or funding new work only as funds become available.

Process involvement: The Program and subsequent Council discussion (such as the issue paper circulated by the Council in 2002) contemplate expanded involvement of local governments, landowners, and other stakeholders with the fish and wildlife managers in informing the Council of funding priorities within subbasins. The structure of organization for subbasin planning varied around the region but could continue to be an organizing structure for subbasin habitat and production recommendations.

Allocation: The overall allocation for new habitat and production strategies in the subbasin plans will depend on the funding requirements for ongoing O&M as well as systemwide monitoring, research, coordination and mainstem requirements. The Council and the region should discuss where to emphasize effort program-wide with subbasin plans adopted. Geographic allocation is a considerably more difficult issue and requires more regional discussion.

Other allocation alternatives include specific strategic allocations (such as the water brokerage program); allocating by subbasin, as was done to develop subbasin plan planning budgets; to allocate by province for habitat and production work; or to maintain the status quo, with existing budgets allocated amongst provinces

In addition, some aspects of the currently funded program may be better reviewed at a regional scale. The mainstem/systemwide review was the final review of the first project selection process and prioritized funding for system monitoring, research, mainstem survival and coordination and information support. As the Council and the region look to integrate monitoring projects regionally, more of the specific monitoring elements of projects can be evaluated in a regional process.

Implementation Strategy: The staff has considered several alternatives for how a review process could be organized if approved by the Council. For example, this might include specific solicitations on certain strategies (e.g., habitat and production) or an improved sequence of province-by-province reviews; perhaps three provinces at a time or the entire basin prior to FY 2007. It should be noted, that the alternatives considered need to confirm the overall funding balance among resident fish, wildlife and anadromous fish measured by the biological objectives of the 2000 Program (e.g., 70-15-15 percentage). In addition, the objectives should speak to the continued funding of currently productive past investments as demonstrated by the subbasin plans and the incorporation of relevant Biological Opinion requirements.

Following are issues and alternatives for the next project selection process that have been discussed by Council staff. Issues that are common to all alternatives include:

- Research: Staff proposes moving research proposals from the various provinces to the Systemwide group as we recognize this work will have basinwide application. The proposals will be reviewed in the context of the Council's Columbia Basin Research Plan (currently in draft form) to determine if the submitted proposals meet the research needs identified in plan.

- **Monitoring and evaluation:** Monitoring and evaluation work has been included in habitat restoration and protection and production projects for many years. Staff proposes to specifically identify (index) the monitoring and evaluation elements of individual proposals. Elements that are related to contract compliance or to local project monitoring, will remain with the individual proposals and reviewed in the provinces. Elements that are targeting a regional application will be addressed on a regional scale and incorporated in the integrated monitoring program.
- **Artificial Production integration and provincial roll up of goals and objectives:** There has been considerable staff and regional interest in continuing to work on better integrating subbasin artificial production and natural production goals and objectives with subbasin plans and conducting a provincial roll up of subbasin goals and objectives. This could provide the region with provincial and basin goals and objectives that could be used to direct future program funding. This effort is not likely to be completed in the short term, and will not be usable for the next project selection process.
- **Systemwide review:** A review of the systemwide proposals would occur concurrent with any of the alternatives discussed below. The systemwide group of projects includes research, mainstem, coordination, data management and Estuary proposals. A review of the systemwide would include a definitions of work needs, a current program review, identification of “gaps” in the current program, a request for proposals to address the gaps and would conclude with project recommendations and budget confirmation. The systemwide group of proposals would be examined closely to ensure balance between infrastructure tasks and potential on-the-ground work. Funds freed up from the review could be redirected to work in the provinces.

Review alternatives: We have organized staff discussions into three alternatives. These include a basinwide solicitation and review for 2006, moving to a provincial review in 2007, a condensed provincial review in 2006 and a traditional provincial review in 2006. Overall, the staff proposes resuming a predictable, consistent rolling provincial review process that occurs on a three- year solicitation and review cycle.

1. **Basinwide solicitation and review:** Under this alternative, proposals would be solicited on a Columbia basin-wide scale in 2006. A follow-on provincial review would occur beginning in 2007. This would consist of soliciting project proposals by province and providing three-year project funding recommendations to the Bonneville Power Administration. This would bring all of the existing recommendations back into a consistent review timeframe, refresh “stale” recommendations, and not give any particular province an advantage or disadvantage for being reviewed first. All proposals in the basin would compete against each other and the entire extent of the request for funds would be known. The review of proposals would include a solicitation, a review by provincial entities, an ISRP review, a “fix it” opportunity to address ISRP concerns, management review and conclude with project recommendations and budget confirmation.
2. **Condensed provincial solicitation and review:** (a) Under this alternative, a rolling provincial review would occur with solicitation occurring for three provinces as early as February 2005. A second solicitation for additional provinces would occur approximately five months later, and a third solicitation would occur approximately five months later. This

would result in a concurrent provincial review, but each group of solicitations would be on a separate timeframe for completion and recommendations. By condensing the reviews, all province reviews could be complete in eighteen months. A second option (b) under this alternative would be to solicit for proposals on a basinwide scale but review, recommend and implement work on a condensed rolling review timeframe as discussed above.

3. Provincial solicitation and review: Under this alternative a rolling provincial review would occur with solicitation occurring for three provinces as early as February 2005. Subsequent province review would occur after full completion of prior reviews.

Staff working concept: Currently Council staff is discussing the merits of a condensed rolling provincial review (Alternative 2), along with a concurrent systemwide review and will present the concept to the Regional Coordinating Group at the November meeting.