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April 3, 2003

MEMORANDUM

TO: Council Members

FROM: Doug Marker

SUBJECT: 2003 Accrual Budget - funding reallocation recommendation

Action

Following the February submission of recommendations for 2003 accrual based project budgets to Bonneville, the staff met with Bonneville and Columbia Basin Fish and Wildlife Authority (CBFWA) staff to discuss the impacts of these recommendations. As a result of these meetings, the staff recommends the Council reallocate funds in 2003 to projects that 1) are in immediate critical need of additional funds in order to protect existing investments and provide for the continuation of project work approved by the Council in its provincial review decisions and 2) are designated to be closed out, but have associated costs. The recommendations are in the amount of $1.073 million.

Council staff will present this request to the Fish and Wildlife Committee and the Council during the April, 2003 meeting.

Recommendation

The staff recommends that the additional funding for these projects, in the amount of $1.073 million be approved and that Bonneville be informed of these Council recommendations accordingly. Council staff recommends that this be *conditional approval* based on providing an opportunity for CBFWA recommend differently. This recommendation is also conditioned with the understanding that additional allocations will be made utilizing budget tracking mechanisms developed by Bonneville and Council staff and in coordination with the CBFWA.

Background

In December 2002, the Council agreed to help the Bonneville reduce or defer its fish and wildlife spending in 2003 in response to the agency's financial crisis. The Council employed the dual objectives of containing costs within $130 million and maintaining support for the project work it approved in past provincial review decisions. This was achieved by establishing a 2003 accrual based budget plan, based on project accrual estimates that totaled $139 million. This *Fiscal Year Accrual Budget Estimate by Project and Contract Report* was submitted to Bonneville by the

Council on February 21, 2003. In developing this plan, Council staff, Bonneville and CBFWA agreed that a project spending tracking system and a reallocation system were needed to evaluate projects that are likely not to accrue their planned budget amounts and make these funds available to projects that were severely impacted by the 2003 decisions and need additional funds.

Working with Bonneville and CBFWA staff, the Council staff, using the budgets established in the February submission, has identified two groups of projects for reallocation in April. The first group (see Table 1) includes projects that have critical need for additional funds. The second group of projects (see Table 2) include those that Council staff, Bonneville have agreed need to be closed out, but have accrued actual expenses that need to be covered in 2003.

Table 1. Projects with critical need for reallocation (April).

Province	Subbasin	Project No.	Contract Title	Sponsor	**FY 2003 Council Recommended** * The total recommended budget for the project is repeated on each contract	**10/1/02 - 9/30/03 Accrual Estimate after Council Scrub 2-19-03**	**Proposed additional $**	**Revised budget**
INTERMOUNTAIN	UPPER COLUMBIA	198503800	1985-038-00 COLVILLE TRIBAL HATCHERY O&M	COLVILLE TRIBES	$870,580.00	$829,124.00	$504,000	$1,333,124.00
COLUMBIA PLATEAU	JOHN DAY	199802200	1998-022-00 PINE CREEK RANCH	CONFEDERATED TRIBES OF WARM SPRINGS	$117,719.00	$117,250.00	$72,000	$189,250.00
COLUMBIA PLATEAU	JOHN DAY	200104000	Wagner Ranch O&M	CONFEDERATED TRIBES OF WARM SPRINGS	$35,000.00	$35,000.00	$23,000	$58,000.00
						Total	$599,000	

For the April group of projects identified in Table 1, due to time constraints, Council staff was not able to seek full CBFWA review and recommendation. For this reason, Council staff recommends that this be a *conditional approval* based on providing an opportunity for CBFWA to object to the recommendations.

Council staff anticipates bringing a group of projects to the Council each month over the next several months for consideratio n for reallocation. CBFWA and Bonneville input will be requested prior to any request for decision. In order to identify projects for reallocation on a timely basis, Council staff, along with Bonneville and CBFWA must continue to evaluate projects that will not spend the funds identified in the February submission to Bonneville and those that require additional funding to meet the intent of the original project recommendation. This requires Bonneville to complete development of a tracking mechanism by which Bonneville staff, Council staff and CBFWA will be able to determine and address specific project needs.

In addition to the group of projects discussed above, staff is recommending the Council approve projects that the Council staff and Bonneville agree need to be closed, but have accrued actual costs (Table 2).

This group of projects includes projects that are found in the 2003 budget even though they may have been projects from earlier solicitations, such as “innovative” projects from 2000 or 2001. This group also includes projects that have been winding down and need to be closed, and projects that did not receive a recommendation from the Council to be funded. The staff will discuss how to respond to Bonneville’s requirement to fund one project initiated outside Council review. These projects total $473,554.

The estimated accrual budget exercise performed in February of 2003 identified $1.484 million available to be reallocated. The proposed project budget amendments total $1.073 million and can be covered by the available funds.