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August 3, 2006

MEMORANDUM

TO: Council Members

FROM: Mark Fritsch, Project Implementation Manager

SUBJECT: Council decision on within-year project funding requests for third quarter

PROPOSED ACTION:

At your meeting in August the Council staff will review within-year budget modification requests. These have all been reviewed by the budget oversight group (BOG) for the third quarter of Fiscal Year 2006. The Council staff received Bonneville's analysis of the requests on August 3, 2006. Council staff will provide an overview of all the requests and seek a recommendation from both the Committee and the Council at your August meeting.

SIGNIFICANCE:

Council staff recommends that the following within-year requests as defined in the letter received from Bonneville on August 3, 2006 be approved for a total of \$150,000 expense and \$74,911 in capital funding in Fiscal Year 2006.

BACKGROUND:

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 principal role of the BOG was to validate whether the requests were a reschedule or within-year request (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. Reschedules are forwarded to Bonneville for assessment and funding as funds become available, and within-year were also forwarded to Bonneville for recommendation on the availability of funds as identified at the quarterly reviews.

On July 11, 2006 the Council staff presented the requests and reviewed the schedule associated with the three within-year budget adjustment requests for the third quarter of Fiscal Year 2006.¹

Category	Project #	Project Title	Sponsor	FY 2006 Budget	Request
3b3					
	1991-057-00	Yakima Basin Screen Fabrication Phase II	WDFW	\$53,695	\$14,911 ²
	1991-075-00	Yakima Fish Screens Construction	BOR	\$600,000	\$60,000 ²
4					
	1996-046-01	Walla Walla Basin Fish Habitat Enhancement	CTUIR	\$277,617	\$150,000

As anticipated, after the close of the comment period on July 28, 2006, Bonneville submitted a final list of the recommended within-year requests for a Council recommendation at the August meeting (see Attachment 1).

ANALYSIS:

The letter received from Bonneville on August 3, 2006, provided a thorough review of the individual requests.

The three within-year project requests have been placed into the following categories:

Category #3b3: Threats to Project Integrity - (b) Jeopardize the performance of a discrete task or objective of the project causing - (3) the loss of capability to administer the project

- Project #1991-057-00, Yakima Basin Screen Fabrication Phase II, \$14,911.
- Project #1991-075-00, Yakima Fish Screens Construction, \$60,000.

Category #4: Lost Opportunity

- Project #1996-046-01, Walla Walla Basin Fish Habitat Enhancement, \$150,000.

Council staff supports the BOG categorizations, and believes that the analysis presented by Bonneville justifies the proposed within-year project funding modifications.

Council staff recommends that the within-year requests as defined in the letter received from Bonneville on August 3, 2006 be approved for a total of \$150,000 in expense and \$74,911 in capital funding in Fiscal Year 2006.

¹ The requests were summarized in a letter from Bonneville dated June 29, 2006. Also addressed in the letter from Bonneville were two requests that the BOG had requested the BOG Management Group to review (Project #1992-061-00, Albeni Falls Wildlife Mitigation Project requesting \$2,800,000 and Project # 1997-051-00, Yakima Side Channels seeking clarification). Please note that the final Bonneville letter regarding the 3rd quarter also discusses the treatment of these two projects.

² Capital Project

Attachment 1: Letter received on August 3, 2006 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

August 3, 2006

In reply refer to: KEW-4

Mr. Doug Marker
Fish and Wildlife Division Director
Northwest Power and Conservation Council
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Mr. Marker:

In accordance with the Budget Oversight Group (BOG) process, the BOG conducted the quarterly review of within-year budget and/or scope modification requests for the third quarter of Fiscal Year 2006. As a result of that review and subsequent further analysis by BPA staff, the following budget modification requests are submitted to Council for evaluation and recommendations regarding the approval of these requests. BPA will consider the Council recommendations and reassess the status of contract commitments, billings to date, and end-of-year accrual projections before making final decisions to adjust individual project budgets. Currently, BPA does not believe that funding will be a limiting factor for funding within-year requests considered during the third quarterly review.

The BOG process incorporates the use of a set of criteria to categorize the project requests as seen below:

<u>Category</u>	<u>Priority</u>
Emergency	1
Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish or wildlife resources; imminent threat to human health or safety.	
ESA Commitment of BPA	2
A new or ongoing project that directly implements actions committed to in the November 24, 2004 Updated Proposed Action and were evaluated in a revised BiOp on the FCRPS issued by NOAA Fisheries on November 30, 2004 pursuant to section 7 of the ESA. Except in extraordinary	

circumstances, such new actions require review by the Independent Scientific Review Panel and Council recommendation prior to BPA approval.

Project Integrity **3**

Actions necessary for the project, though not of an emergency nature, and including major project review (i.e., step review), to avoid the loss of a previous investment; that, if not taken, would:

- a. Jeopardize the performance of the entire project;
- b. Jeopardize the performance of a discrete task or objective of the project causing:
 - 1. adverse biological consequences to the project;
 - 2. loss of critical monitoring and evaluation data;
 - 3. loss of capability to administer the project.

Lost Opportunity **4**

New or ongoing projects that respond to a limited opportunity to benefit the fish and wildlife resource and that opportunity will be permanently lost if the project or work element is not implemented.

Other **5**

Any project not falling into the four categories defined above.

Projects on the current CBFWA website requesting within-year budget adjustments were placed into the above categories by the BOG members. For additional project-specific information, please review the Columbia Basin Fish and Wildlife Authority (CBFWA) website for Within-Year Budget Adjustments (<http://www.cbfwa.org/mods/components/forms/Login.cfm>) or click on the project numbers below (in blue and underlined) to be taken directly to funding request pages.

Project Funding Requests–BPA Recommended

Category 3b3

Project No. [1991-057-00](#)

Project Name: Yakima Basin Screen Fabrication Phase II

Budget Amount: \$14,911

Funding Category: Capital

This project was completed in April 2006. WDFW is requesting additional funds to cover costs incurred for the rehabilitation and installation of the Fogarty fish screens that are over and above the original budgeted amount. The screens, gantry, and miscellaneous metal work were fabricated in 1998. The movement of this facility from its original location necessitated unanticipated design changes that resulted in the need for modifications to the metal work portion of this project. Additionally, an unanticipated 15-percent wage increase granted to fabrication personnel was not included in the original budget request. It is important to note that once this request is decided, this is the last screen of the project, and the project will be complete and will be closed out. This request is related to project 1991-075-00, which includes the screen construction for Phase II Screens.

Project No. [1991-075-00](#)

Project Name: Yakima Fish Screens Construction

Budget Amount: \$60,000

Funding Category: Capital

This request is for the construction portion of the Phase II Screens project. Unforeseen cost increases in the Fogarty fish screen construction contract and increases in construction supervision and contract administration costs require about a ten-percent increase in the project budget in order to complete all of the tasks identified in the FY 2006 SOW. Another contributing factor is increased costs for report preparation that have exceeded the original estimate. All field work and construction at the Fogarty fish screen are complete, and the screens are operational. However, there are about eight staff days of administrative work left to close out the construction contract. A reduction in scope would essentially eliminate completion of several Designers Operating Criteria (DOC) documents and would eliminate preparation of the Phase II Completion Report for the project. The DOCs are important documents that provide critical information to project operating personnel at each screen site. The Phase II Completion Report will be a summary document of project accomplishments since the Phase II program was initiated in 1990. It is important to note that once this request is decided, this project will be complete and will be closed out.

Category 4

Project No. [1996-046-01](#)

Project Name: Walla Walla Basin Fish Habitat Enhancement

Budget Amount: \$150,000

Funding Category: Expense

Plans to repair a passage barrier structure on Mill Creek, a tributary to the Walla Walla River, are being proposed. The total anticipated cost for construction is estimated at \$410,000. At this time, about \$121,000 has been secured for cost share: \$50,000 from the Walla Walla Watershed Alliance, and \$58,000 from the Salmon Recovery Funding Board (SRFB), and \$13,000 from the U.S. Fish and Wildlife Service. Another \$20,000 in cost share is anticipated through the SRFB. Additionally, the project sponsor is utilizing \$100,000 in funds from BPA project number 1996-011-00, the "small passage projects," as a source, bringing the total of secured funding to \$241,000. Although there would still be a shortfall in construction costs, project sponsors, per a conference call with Rick Jones, feel that the work described here could still be accomplished, if their request is supported. No additional funds would be requested, and no long-term monitoring and evaluation are planned as part of this within-year request. Work is scheduled for completion by September 30, 2006.

Project Funding Requests—BPA Declined

Category 4

Project No. [1992-061-00](#)

Project Name: Albeni Falls Wildlife Mitigation Project

Budget Amount: \$2,800,000
Funding Category: Capital

The Idaho Department of Fish and Game (IDFG) submitted a within-year request proposing to utilize capital funding to acquire and protect land in perpetuity. The on-site, in-kind 73+ acre parcel fronts the Pend Oreille River and includes a wetland marsh and approximately 1.5+ miles of riparian habitat. The current landowner plans to split the property into several parcels for development.

After review by BOG members, it was decided that the project needed elevation to the BOG management group because of the high price per acre of the land. The BOG management group requested a recommendation from the Albeni Falls Workgroup for this request before making a decision on the request; however, no recommendation was received.

BPA recommendation

BPA is declining this request based on the high price for the purchase of the land. Further, the project sponsor has stated that failure to acquire this property will not jeopardize the Albeni Falls Wildlife Mitigation Project. It is important that BPA's decisions be consistent with its goal to meet its environment, fish, and wildlife responsibilities through cost-effective solutions. BPA recommends that the sponsor consider alternative protection actions (*e.g.*, conservation easements) with the present or future landowners as a more cost-effective alternative.

Project No. [1997-051-00](#)

Project Name: Yakima Side Channels
Budget Amount: \$0
Funding Category: Expense

Managers of the Yakima Side Channels project are attempting to purchase two, high-priority habitats, Easton Reach–Runacres and Cle Elum Reach–Browitt, for permanent protection as approved by BPA in February 2006. This recent request has been submitted to address the possibility of the failure of ongoing negotiations. There is still a good chance that the Browitt property will be purchased in FY06, but the Runacres property will not likely be successfully negotiated in FY06. The two habitat parcels in this request are alternate properties to be purchased.

BPA recommendation

BPA is declining the request for substitution of the Easton Reach–Runacres and Cle Elum Reach–Browitt properties in the event negotiations fail in FY06. However, BPA is willing to consider these two specific properties as an FY07 reschedule request if the properties are still being pursued in FY07 or will consider a new Within Year request in the 1st quarter FY07 for new substitute properties.

Summary

In summary, the total of funding recommended by BPA in this letter is \$224,911. 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,



William C. Maslen
Director for Fish and Wildlife

cc:

Mr. Mark Fritsch, Northwest Power and Conservation Council
Ms. Patty O'Toole, Northwest Power and Conservation Council
Mr. Karl Weist, Northwest Power and Conservation Council
Ms. Stacy Horton, Northwest Power and Conservation Council
Ms. Joann Hunt, Northwest Power and Conservation Council
Mr. Kerry Berg, Northwest Power and Conservation Council
Mr. Brian Lipscomb, Columbia Basin Fish and Wildlife Authority
Mr. Tom Iverson, Columbia Basin Fish and Wildlife Authority
Ms. Amy Langston, Columbia Basin Fish and Wildlife Authority