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Idaho

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Washington

Dick Wallace
Washington



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Vice-Chair
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Montana

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Oregon

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Mr. William C. Maslen
Manager, Fish and Wildlife Division
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Maslen:

The purpose of this letter is to advise you of the Council's decisions regarding within-year requests, for the fourth quarter of Fiscal Year 2008, for certain projects proposed for Bonneville funding. These recommendations were actions by the Council at its meeting on November 19, 2008.

In addition, a purpose of this letter is to inform the project sponsors and other interested parties of the status of Council actions. The following is a summary of the actions taken by the Council at the meeting in November.

Quarterly Review on Within-year Project Funding Adjustments for Implementation

The within-year budget requests for the First Quarter of Fiscal Year 2008 have been reviewed by the budget oversight group (BOG). Bonneville, the Council, and the Columbia Basin Fish and Wildlife Authority formed the BOG to conduct a budget-tracking process. A principal role of the BOG is to determine if requests for additional funding are due to rescheduling, or if they are within-year requests (that is, scope change, budget change, scope/budget change, or new request), and to sort the within-year requests into one or more categories. Reschedules are forwarded to Bonneville for assessment and funding as funds become available, and within-year requests also are forwarded to Bonneville for recommendation, depending on the availability of funds.

On October 15, 2008, the Council staff presented the requests and reviewed the schedule for the within-year budget adjustment requests for the fourth quarter of Fiscal Year 2008. These fourth-quarter requests, reviewed in July, August, and September, will be treated as an amendment to the start-of-year budget for Fiscal Year 2009.

The comment period associated with these requests closed on October 24th. No comments were received.

On November 6, 2008, the Council received a letter from Bonneville summarizing the within-year requests being considered during the fourth quarter of Fiscal Year 2008.

Of the 12 requests reviewed by the BOG during the fourth quarter of Fiscal Year 2008, nine requests are seeking a recommendation in November. None of the requests triggered the threshold adjustment as part of the budget-tracking process. The remaining three requests were withdrawn by the sponsor.

On November 19, 2008 the Council recommended the following eight within-year requests for a total of \$462,226 expense and \$748,592 capital funds in Fiscal Year 2009. One request, Project 1993-066-00, *Oregon Fish Screens Project*, was deferred to the December Council meeting to allow the legal staffs of Bonneville and the Council to evaluate the in-lieu issues, and the complexities of the distribution of Mitchell Act funds in regards to the within-year budget request.

Category 3a: Threats to Project Integrity - (a) that jeopardize the performance of the entire project

- Project 1998-007-02, *Grand Ronde Supplementation - Lostine O&M/M&E*

The Nez Perce Tribe (NPT) is requesting \$115,000 in expense funds in Fiscal Year 2009 to repair the Lostine River weir and replace the raceway liners for the acclimation site.

On May 9, 2006 the Council approved capital construction costs for a new hatchery and adult collection facility on the Lostine River and modification of the Innaha Satellite Facility in association with the Northeast Oregon Hatchery (NEOH), Project 1988-053-01. To date, construction has not occurred on the construction of a permanent weir facility. The existing temporary weir/trap facility, operated since 2000, needs an overhaul to allow capture of adults and to address safety issues. The estimated cost for this action is \$73,000. In addition, the raceway liners used at the temporary Lostine River Acclimation facility have also deteriorated and need to be replaced to allow for the acclimation of Lostine River smolts. Estimated cost for this action is \$42,000.

Council Recommendation: The total request for the actions addressed in this request totals \$115,000. **The Council recommends that the request be approved, not only for the safety issues, but also for the continued operations of the weir and smolt acclimation to meet the objectives of the project as approved in 2006.**

Category 3b1: Threats to Project Integrity - (b) that jeopardize the performance of a discrete task or objective; (1) adverse biological consequences to the project

- Project 1993-066-00, *Oregon Fish Screens Project*

The Oregon Department of Fish and Wildlife is requesting \$198,302 in expense funds in Fiscal Year 2009 to cover the anticipated loss of Mitchell Act funds. This project provides protection for anadromous and resident fish species in the John Day, Umatilla,

and Walla Walla basins by the installation or replacement of out-dated fish-protection and passage devices on irrigation diversions (\$1,027,000 capital in FY '09). This project shares personnel, equipment, facilities, and expertise with the Mitchell Act-funded program to perform all operation and maintenance on existing screens. Expense program costs associated with operation and maintenance of this project are minimal (\$10,000 in FY '09) due to the support of the Mitchell Act funds.

At the Council meeting in Missoula, Montana on October 17, 2008 the Fish and Wildlife Committee requested a status review of Mitchell Act funds in the Columbia Basin. Based on this request the Council staff sent a letter on October 20th to Bob Lohn, regional administrator, requesting a presentation regarding the status of the Mitchell Act funding in the Columbia River Basin that addresses the implications and the magnitude of the loss of the Mitchell Act funds and the criteria used for apparent cuts to the program.

Council Recommendation: Based on the presentation made by NOAA fisheries¹ at the Fish and Wildlife Committee meeting, and the discussion regarding this within-year budget request. The Council recommended that a decision regarding the request be deferred to the December Council meeting. The deferral is intended to allow legal staff to discuss with the Council the current understanding of the complexities of the distribution of Mitchell Act funds and the apparent in-lieu issue the loss of those funds presents for the program and Bonneville.

- Project 2007-398-00, *Manastash Creek Fish Passage Improvements*

This project addresses fish passage, diversion screening and instream flow issues to support fish recovery in the Yakima Basin. The principle area of focus is in the lower five miles of Manastash Creek. This is a cooperative project involving local water right holders, Washington Environmental Council, the Washington Department of Fish and Wildlife, and the Washington Department of Ecology. Project management is provided by the Kittitas County Conservation District. To date, cost shares associated with this project have been provided by the Washington Legislature (\$2.24 million). In addition, an additional match will come from the Department of Ecology water metering program.

This within-year request will assist in completing project implementation begun under Project 2003-001-00 and also represented by Project 2002-025-01 and Project 2007-0202-00 (Implementation Planning Budget 2009). Bonneville is requested to provide \$748,592 in Fiscal Year 2009 capital funds to cover additional costs associated with the project. The additional funds are needed to address additional capital costs associated with the recently completed final designs (i.e., 2003 costs were based on conceptual design estimates). In addition, the conceptual costs did not include other costs associated with utilities and access associated with the project.

Council Recommendation: The Council recommends that the request be approved.

Category 3b2: Threats to Project Integrity - (b) that jeopardize the performance of a discrete task or objective; (2) The loss of monitoring and evaluation data

¹ The presentation was in response to the letter sent to NOAA Fisheries on October 20, 2008.

- Project 1992-026-04, *Investigate Life History Of Spring Chinook Salmon and Summer Steelhead in the Grande Ronde River Subbasin*

The Oregon Department of Fish and Wildlife is requesting \$123,000 in expense funds in Fiscal Year 2009. The Council, as part of the Fiscal Year 2007 - 2009 decision recommended funding of this project at \$820,000 each year. Bonneville, as reflected in the Implementation Planning Budget for the project (July 2, 2007), identified funding at \$820,000 in Fiscal Year 2007, \$656,000 in Fiscal Year 2008, and \$557,600 in Fiscal Year 2009. These reductions were intended to address concerns that Bonneville had regarding in-lieu and monitoring and evaluation issues.²

In the first quarter of Fiscal Year 2008 the Council recommended that Bonneville fund the sponsor's initial request for Fiscal Year 2008 and Fiscal Year 2009 for an additional \$164,000 and \$262,400 respectively above the Bonneville decision level to maintain the project at the Council-recommended funding level. Bonneville supported only funds for Fiscal Year 2008.

The sponsor's request attempts to restore the recommended funding level for Fiscal Year 2009 to maintain the project's integrity to continue the experimental design to evaluate the effectiveness of the spring Chinook salmon supplementation program in the Grande Ronde Subbasin. If funds are not received, components of the project will need to be discontinued.

Council Recommendation: Because of its importance to the continued evaluation of the effectiveness of hatchery supplementation, the Council continues to support this project and recommends the request. Adjustment to the current scope and intent of the project will occur as part of a future review that would be guided by a regional monitoring and evaluation framework.

- Project 1996-043-00, *Johnson Creek Artificial Propagation Enhancement Project*

The Nez Perce Tribe is requesting \$151,465 in expense funds for Fiscal Year 2009. This request is intended to address a 15-percent reduction in the Fiscal Year 2009 planning budget for the project. This reduction is in association to the in-lieu issue as commented on in the 2007 Bonneville Implementation Planning Budget.³ It is interesting to note that this artificial production project is somewhat unique to the program in that both the operations and maintenance and monitoring and evaluation component of the project are addressed in the same project and for that reason the funding reduction actually reflects a more severe impact to the overall project than what was originally intended.

The Johnson Creek Artificial Propagation and Enhancement (JCAPE) project is a small-scale (100,000 smolts) supplementation initiative integrated with a monitoring and evaluation program designed to prevent the extirpation of the Johnson Creek stock. The

² Implementation Planning Budget, July 2, 2007. Expense Comments: See footnote reference : R8 (in Lieu), R11 (M&E).

³ Implementation Planning Budget, July 2, 2007. Expense Comments: See footnote reference: R8 (in Lieu).

Council approved the step review for the project in December 2005. The favorable recommendation was also confirmed in the Fiscal Year 2007 - 2009 funding decision. This recommendation was conditioned with the understanding that ISRP concerns regarding the reporting of monitoring results be addressed as part of contracting.⁴

Council Recommendation: **Until this project is guided by a regional monitoring and evaluation framework, funding should remain to keep the project integrity at its reviewed and recommended level. The Council recommends that this request be supported.**

- Project 1997-030-00, *Chinook Salmon Adult Abundance Monitoring [Formerly - Listed Stock Adult Escapement]*

The Nez Perce Tribe is requesting \$45,761 in expense funds for Fiscal Year 2009. This project is a research, monitoring, and evaluation project. This project is designed to collect data for long-term monitoring of trends in wild adult salmon stock abundance and productivity in a control or reference stream in the South Fork Salmon River for use in management and listed species recovery metrics monitoring. This project request is also seeking to restore the 15-percent budget reduction that is reflected in the Fiscal Year 2009 planning budget. As with the other two projects listed immediately above, this reduction is in association to the in-lieu issue as commented on in the 2007 Implementation Planning Budget.⁵

Staff Recommendation: **Until this project is guided by a regional monitoring and evaluation framework, funding should remain to keep the project integrity at its reviewed and recommended level. The Council recommends that this request be supported.**

Category 4: Other

- Project 1995-033-00, *O&M Yakima Basin Fish Screens*

The Bureau of Reclamation (BOR) is requesting \$27,000 in expense funds for Fiscal Year 2009. This project provides funding for the operation and maintenance to the BOR of Bonneville-owned Yakima Phase II fish screening and trapping facilities. Normally, the annual budget is consumed by the regular operation and maintenance. It has been determined, recently, a screen that has not met passage criteria for several years based on annual site evaluations and the observations (i.e., Glead Fish Screens) needs to be evaluated for possible design work for modifications or replacement. The BOR is requesting funds for this design work.

Staff Recommendation: **The Council recommends that this request be supported.**

- Project 2002-061-00, *Restore Pottlatch River Watershed*

⁴ The reporting for this project has been accomplished to date: Annual Progress Report: 2005 - 2006 was submitted in July 2007; Annual Progress Report: 2006 - 2007 was submitted in August 2008.

⁵ Implementation Planning Budget, July 2, 2007. Expense Comments: See footnote reference: R8 (in Lieu).

Latah Soil and Water Conservation District is requesting a scope change to the ongoing project. To date, the reviewed and recommended project has addressed restoration of A-run steelhead spawning and rearing habitat through the implementation of best management practices on private agricultural, forest, and range lands. With the completion of the Potlatch River Watershed Management Plan (PRWMP) the project sponsors want to expand the approach to the stream corridor. In addition, this action is addressed in the recently signed Memorandum of Agreement between the State of Idaho and the FCRPS action agencies.

Staff Recommendation: The Council recommends that the change in scope be reviewed by the science review panel.

- Project 2007-127-00, *Reestablish Connectivity and Restore Fish Habitat in the East Fork of the South Fork Salmon River Watershed,*

The Nez Perce Tribe (NPT) requested a no-budget scope change to this ongoing project.

This project originally intended to reestablish fish passage through a 30-foot tall cascade and rehabilitate one mile of fish habitat through a degraded reach of the upper mainstem East Fork of the South Fork Salmon River. As part of the Fiscal Year 2007 - 2009 decision the project received a favorable review from the ISRP and was funded. Since the time of proposal development and initial project development, the land owner of this reach of the river has entered into a lease-to-purchase option with a mining company so access to the reach is not available for habitat-enhancement activities. Therefore, the NPT would like to change the area and scope of this project to other high-priority needs of the South Fork Salmon River (SFSR) in collaboration with the U.S. Forest Service. The proposed change would address passage (i.e., culverts), road decommissioning and relocation, and riparian habitat enhancements in the SFSR below the original project site. With this partnership, there are several opportunities with matching funds to coordinate work in the SFSR subbasin. The reviewed and approved work elements in the original proposal addressed passage (i.e., "cascade") and associated work elements associated with the channel work. The revised project expands on these work elements by addressing culverts and then expands the scope of the proposal to road decommissioning and wetland enhancement activities.

The Council on May 14, 2008 agreed with the Bonneville recommendation conditioned on the understanding that this recommendation is for only Fiscal Year 2008 and 2009 and that out-years are dependant on a future process (e.g., future project review). This change in the project emphasis has led to a more extensive level of collaboration at the local level and has provided the opportunity for this recent request to pursue easements as an approach for habitat activities. This change alters the scope of the project to a level that warrants science review.

Staff Recommendation: The Council recommends that the change in scope be reviewed by the science review panel.

Sincerely,



Tony Grover
Director, Fish and Wildlife Division

cc: Jamae Hilliard Creecy, BPA
Peter Lofy, BPA
Christine Read, BPA
Paul Krueger, BPA
David Byrnes, BPA
Jonathan McCloud, BPA
Jamie Swan, BPA
Jay Marcotte, BPA
Greg Beasler, BPA
Deborah Docherty, BPA
Wynn Avocette, BPA
Rebecca Johnson, NPT
Kelly Stokes, ODFW
Brian Jonasson, ODFW
Craig Rabe, NPT
Paul Kucera, NPT
Kenneth Stinson, Latah SWCD
Brian Lipscomb, CBFWA
Tom Iverson, CBFWA
Binh Quan, CBFWA

