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January 4, 2017

DECISION MEMORANDUM

TO: Fish and Wildlife Committee members

FROM: Staff

SUBJECT: Recommendation from the Cost Savings Workgroup on a Sturgeon Request for information and a draft 2017 calendar.

BACKGROUND:

Summary: At this meeting, staff will discuss and seek Committee support for a proposed Request for Information (RFI) for White Sturgeon related projects within the Columbia and Snake rivers of the Columbia River Basin.

Staff will also share a draft calendar of activities for the Cost Savings Workgroup over the calendar year 2017.

Bonneville will provide a financial update and discuss the methodology to identify and review projects for cost savings (Cost Savings Methodology).

Proposed Action:

The Cost Savings Workgroup recommends that the Fish and Wildlife Committee recommend the following to the Council at the February Council meeting:

- Release a Request for Information (RFI) to identify ready-to-implement Columbia and Snake River White Sturgeon assessments pertaining to

one or more of the following topics: population status, spawning success, spawning habitat use or susceptibility to predation.

- Continue to develop clarity of scope and agreement with Bonneville for additional RFIs for lamprey, cold water refugia and possibly other emerging priorities.

Relevance: The Cost Savings Workgroup implements the language on page 116 of the 2014 Fish and Wildlife Program: *'Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program...'*

Background: Council member Anders chairs the cost savings workgroup, which is composed of Bryan Mercier, Peter Cogswell and Scott Donahue of BPA and Kerry Berg, Lynn Palensky, Laura Robinson, Leslie Bach and Tony Grover, all Council staff. The cost savings workgroup initially developed a cost savings methodology, which was approved by the Council at the regular July 2015 meeting in Spokane, (<http://www.nwcouncil.org/media/7149359/1.pdf>). Additional information about the cost savings workgroup and the methodology can be found on the Council's website at <http://www.nwcouncil.org/fw/cost-savings-group/>, including a 'frequently asked questions' document that explains what the cost savings workgroup does and how it goes about identifying and vetting potential cost savings.

Identified Cost Savings:

At the March and May 2016 Fish and Wildlife Committee meetings, five projects were identified by the CSW as sources for a total of \$651,915 in cost savings that would be available in FY 2017.

To date the Council has recommended to BPA the use of \$140,000 of the identified cost savings for a habitat assessment above Chief Joseph dam (\$100,000) and for Lake Roosevelt northern pike suppression efforts (\$40,000). The Council agreed to allocate \$200,000 of cost savings to address mission critical operation and maintenance infrastructure work at Bonneville funded hatchery programs. (Discussed later in this Committee meeting.) Somewhat more than \$310,000 of cost savings remains to be allocated.

Considerations for the use of cost savings

As previously described, BPA has created a reserve fund for cost savings in FY 2017. The availability of funds is dependent on: (1) the spending trajectory within the FY16/FY17 rate period, and (2) developing a process to reallocate funds to other priorities.

At the May and October 2016 Fish and Wildlife Committee meetings the CSW requested and received committee support to explore approaches to identifying potential projects or program functions to apply identified cost savings. Approaches that have been explored include:

1. Allocating funds directly to existing projects to implement elements of the 2014 program's emerging priorities as identified on page 116 of the program and
2. Soliciting proposals (targeted) to implement emerging priorities and other measures in the 2014 program.

Attachment 1: Sturgeon RFI

Attachment 2: Draft schedule of CSW activities for calendar year 2017

Attachment 3: Cost Savings Methodology

Request for Information
Northwest Power and Conservation Council's 2014 Columbia River Fish and Wildlife
Program Emerging Priorities - White Sturgeon

February 16, 2017

I. General

A.1 Goal

The objective of this Request for Information (RFI) is to identify ready-to-implement Columbia and Snake River White Sturgeon assessments pertaining to one or more of the following topics: population status, spawning success, spawning habitat use or susceptibility to predation.

A.2 Background

The Northwest Power and Conservation Council (Council) is working with Bonneville Power Administration (Bonneville) to scope activities and make funds available during fiscal years 2017-2018 to implement projects to address emerging priorities from the Council's 2014 Columbia River Basin Fish and Wildlife Program. With this RFI the Council, in coordination with Bonneville, invites responses related to ready-to-implement Columbia and Snake River White Sturgeon assessments pertaining to one or more of the following topics: population status, spawning success, spawning habitat use or susceptibility to predation. Approximately \$300,000 per fiscal year is currently available for these activities. Funding amounts could change depending on the availability of funds and the needs of other emerging priorities. Proponents are encouraged to suggest work that could be accomplished in preferably one or at most two fiscal years.

The Council's 2014 fish and wildlife program (program) strategy for sturgeon calls, in part, for the region to: *"Implement actions that result in increased abundance and survival for Columbia River Basin green and white sturgeon... ..monitoring populations, and research to improve understanding of how the development and operation of the Federal Columbia River Power System affect survival and growth of sturgeon."*

"The program provides the following rationale: "Columbia River Basin sturgeon distribution, abundance, and productivity are severely limited by habitat changes, particularly those associated with hydropower system construction and operation. Large areas of suitable sturgeon habitat remain throughout most of the historical range upstream from Bonneville Dam but use is currently limited by widespread passage limitations and natural recruitment problems that are the direct or indirect result of the development and operation of the Columbia River hydrosystem."

"Food web issues, water quality (sedimentation, flow, temperature, and toxic contaminants), adequate prey for juveniles, and predators (sea lions) may have impacts on sturgeon. It is not fully understood how other factors exacerbated by the hydrosystem affect sturgeon. Research and monitoring will be key to determine impacts, population status, and mitigation actions necessary to rebuild sturgeon to sustainable numbers throughout the basin."

“The Council recognizes and supports implementation efforts to restore, research and monitor white sturgeon populations in the basin consistent with the 2013 White Sturgeon Planning Framework and the Kootenai White Sturgeon Biological Opinion.”

A.3 Purpose

The basis of this Request for Information (RFI) is for Council and Bonneville purposes in two ways: 1) Identify opportunities to consider use of cost savings funds, see <http://www.nwcouncil.org/fw/cost-savings-group/>, to quickly support additional implementation activities within the scope of existing sturgeon projects, or 2) to provide information to support possible development of a focused Request For Proposals to explore an as yet under-evaluated aspect of sturgeon biology, habitat or life-cycle.

A.4 Scope

The Council and Bonneville are requesting sturgeon managers and researchers to submit information for one or more of the following activities:

1. Conduct white sturgeon population status assessments in the lower Snake or Columbia rivers.
2. Assess white sturgeon spawning habitat availability and use in the lower Snake or Columbia rivers.
3. Pilot the feasibility of sampling and enumerating white sturgeon larva abundance in the lower Snake or Columbia rivers.
4. Assess the magnitude and extent of sturgeon predation below Bonneville Dam.

II. Proponent Response

A.1 Minimum RFI Responses

It is requested that all responses to this RFI contain, at a minimum, the following information, in a one to three page submittal:

1. To which scope activity or activities from A.4 are you responding?
2. Briefly, in no more than a page, describe the proposed implementation activity.
3. With what, if any, existing Bonneville funded sturgeon project(s) is this proposed activity associated?
4. What management purpose is furthered by the proposed implementation activity?
5. Who are the partners in your response?
6. Within what timeframe can the implementation activity be completed?
7. What additional equipment is required to be leased or purchased?
8. What is the estimated cost to implement the activity?

III. RFI Schedule

Responses to this RFI shall be submitted in writing, identifying the submitter, to Kendra Coles, kcoles@nwcouncil.org no later than 4:00 P.M. PDT on Tuesday, February 28, 2017. Proponent responses must be in writing, and submitted electronically via email. After receiving proponent responses, the Council and Bonneville may request clarifying information from each proponent

who responds. There will be no negotiations or discussions of changes in scope during these clarification meetings.

IV. Additional Information

Disclosure and Ownership of Response Contents: A proponent's response to this RFI (including, without limitation, technical and price information) shall be a public record and subject to production, disclosure, inspection and copying. Submission of a response to this RFI shall constitute a waiver of any copyright protection which might otherwise apply.

COST SAVINGS CALENDAR 2017

January

- Bonneville's first quarterly report identifying potential cost savings (mechanistic approach) DUE.
- Notify RRS sponsors that we can facilitate their annual collaboration and peer sharing meeting – recommend May 2017 for that meeting. Boise? Portland?
- Solicit RFIs based on Council recommendations from December 2016

February

- The cost savings workgroup (CSW) will begin reviewing the list of potential projects identified by Council and Bonneville for cost savings. The CSW will review the completeness of the project list, consistency with cost savings principles, the risks and benefits associated with project close-out or reduction, and any other concerns.
- CSW will notify sponsors of listed project that the projects will be reviewed by the workgroup as a potential source of cost savings. Project sponsors have 30 days to respond.
- Discuss responses received to RFIs. Consider development of RFPs as necessary.

March

- CSW to finalize the list of potential projects for presentation to the Fish and Wildlife committee in April.
- Report to fish and wildlife committee on responses to RFIs and recommend near term funding actions.

April

- Fish and Wildlife Committee will hear CSW recommendation regarding mechanistic savings, and provide an opportunity for public comment at the meeting.
- Bonneville's second quarterly report identifying potential cost savings (mechanistic approach) DUE.
- Report to full Council on responses to RFIs and recommend near term funding actions

May

- Recommendation of fish and wildlife committee regarding cost savings will be considered by the full Council.
- Facilitate collaboration meeting between RRS sponsors

June

- Begin planning for a policy review of a small subset of logically interrelated projects

July

- Bonneville's third quarterly report identifying potential cost savings (mechanistic approach) DUE.
- CSW planning meeting

August

- CSW planning meeting

September

- CSW planning meeting

October

- Bonneville's fourth quarterly report identifying potential cost savings (mechanistic approach) DUE.
- One day workshop for CSW to lead a policy review of a subset of logically related projects

November

- CSW follow up meeting

December

- CSW follow up meeting
- Recommendation to fish and wildlife committee

METHODOLOGY TO IDENTIFY AND REVIEW PROJECTS FOR COST SAVINGS

Final adopted by the Council on July 14, 2015
(*Cost Savings Methodology*)

This methodology sets forth the process whereby the Northwest Power and Conservation Council (Council), in coordination with Bonneville and with input from project sponsors, will identify and review on a regular basis projects for potential close-out or significant cost reduction, in order to redirect funding for new or other projects. The Council is not limited to recommendations from the Cost Savings Workgroup in identifying savings in the Bonneville fish and wildlife program. Unless extended by a vote of the Council, this process will sunset on 14 July, 2018.

- I. **PROGRAM NEXUS:** This cost savings methodology supports the 2014 Fish and Wildlife Program, *Bonneville Funding for Emerging Program Priorities*, p. 116.
- II. **COST SAVINGS WORK GROUP:** The work contemplated under this methodology will be performed by a Cost Savings Work Group (workgroup), consisting of the Chair of the workgroup, the Council's Fish and Wildlife Director, and the Bonneville's Fish and Wildlife Director. Other state, central, and Bonneville staff may provide input and support as needed.
- III. **PURPOSE OF THE WORKGROUP:** The purpose of the workgroup is to
 - receive the quarterly reports identifying potential projects for cost savings as set forth in paragraph IVA;
 - solicit comments from sponsors as set forth in paragraph IVB;
 - consider the comments received and other factors as described in paragraph IVC, and make findings in accordance with paragraph IVC;
 - present those findings to the Fish Committee and Council for final recommendation to Bonneville as set forth in paragraph V.
- IV. **PROJECT IDENTIFICATION AND REVIEW:** Projects will be identified for potential cost savings on a quarterly basis as described in paragraph IVA. Sponsors of listed projects will be notified quarterly as described in IVB. The workgroup will review projects for potential cost savings on an annual basis as described in paragraph IVC. Those sponsors whose projects are subject to workgroup review will have the opportunity to submit comments as described in paragraph IVB.
 - A. **PROJECT IDENTIFICATION:** On a quarterly basis, Bonneville will prepare for submission to the workgroup a report containing the following information:
 1. A list of all projects scheduled to be closed out in the upcoming quarter

2. A list of all projects that may have a significant reduction in spending in the upcoming quarter or for the fiscal year (\$50,000 or more)
3. The amount of potential savings associated with each close-out or reduction in spending
4. A list of projects that might be considered for close-out consistent with the cost savings principles set forth in paragraph VIII of this methodology.

- B. **SPONSOR NOTIFICATION AND COMMENT:** The workgroup will notify sponsors of listed projects that the project has been identified for potential cost savings. After receiving the final quarterly report from Bonneville, and prior to its annual review, the workgroup will notify sponsors of listed projects that the project will be reviewed by the workgroup as a source of cost savings for new solicitations resulting from close-out or budget reduction. Project sponsors may submit written comments within 30 days of receiving notification of review. Comments should be submitted to the Council's Fish and Wildlife Division Director and Bonneville's Fish and Wildlife Director.
- C. **WORKGROUP REVIEW:** The workgroup will annually compile and analyze the quarterly reports and the comments received to inform the Council in its consideration of project close-outs and cost reductions. The process should be done in a way that works within Bonneville's budget and contracting constraints, and should commence in February of each year. The process will consider the completeness of the project list, consistency with the cost savings principles below, the risks and benefits associated with project close-out or reduction in funding, and any other concerns. The workgroup will present a final list with its complete analysis to the Fish and Wildlife Committee for consideration.
- V. **CONSIDERATION BY THE FISH AND WILDLIFE COMMITTEE AND THE COUNCIL:** The Fish and Wildlife Committee will hear the presentation and recommendation of the workgroup at the April meeting of the Council to receive any additional public comment. The Council will make a recommendation to Bonneville based on the analysis performed by the workgroup. The Council decision should occur in May for consideration in Bonneville's next fiscal year start-of-year (SOY) budget.
- VI. **IMPLEMENTATION OF CLOSE OUT OR COST REDUCTION:** Bonneville will work with project sponsors to implement the close out or cost reduction in a fair and deliberate manner (smart closeout).
- VII. **NEW PROJECT FUNDS:** Bonneville will set aside any funds identified as a result of this process for new projects consistent with the Council's Fish and Wildlife Program.

- VIII. COST SAVINGS PRINCIPLES: The following principles will guide cost savings efforts pursued under this methodology:
- A. Cost savings efforts will not impact any existing settlement agreements or accords between Bonneville and their partners.
 - B. Cost savings efforts will not affect the legal defensibility of the FCRPS Biological Opinion or Bonneville's ESA obligations.
 - C. Non-Accord, Non-BiOp projects will not be unfairly burdened by any cost savings efforts.
 - D. Bonneville will not overspend its fiscal year budget to fund emerging program priorities.
 - E. Any proposal to target savings from existing projects (subject to Principles A, B, and C) should be directed toward:
 - 1. Projects that are closing out
 - 2. Projects that receive unfavorable scientific or Council review
 - 3. Efficiencies achieved within existing projects or programs
 - F. Cost Savings efforts will have a reasonable lead time to ensure smart closeout, appropriate budget planning, and allow sponsors to transition.