



Trinity River Restoration Program

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NC-150

MEMORANDUM

TO: TMC Members and Alternates; TAMWG Members; Science Advisory Board

FROM: Doug Schleusner, Executive Director
Trinity River Restoration Program

CC: Staff

SUBJECT: FY2007 Draft Budget Proposal

DATE: June 13, 2006

During the past several months, my staff and members of the B-Team have worked diligently to prepare recommendations for the FY2007 program of work. However, due to competing priorities associated with high flows, financial assistance agreements, CVPIA program assessments, and construction contracts, we have been unable to devote as much time as we would like to the discussion of priorities, evaluation of cost comparisons, and resolution of areas of disagreement.

As reflected in the following sections, the FY2007 program of work and budget has become increasingly complex and uncertain, all within the context of what appears to be an austere funding level. This has been compounded by recent events related to the Indian Creek project which make it unlikely that this construction contract will be awarded in the current fiscal year, resulting in a substantial amount of funds that will need to be reallocated by year end.

I am recommending to the Trinity Management Council (TMC) that we do not attempt to approve a final budget for FY2007 at the June 19-20 meeting, but rather use the discussion to further highlight priorities and identify possible ways to reallocate the Indian Creek funds to preserve maximum flexibility in FY2007.

It is still necessary for Reclamation and the two Tribes to complete their initial Annual Funding Agreements (AFAs) for FY2007 as soon as possible in order to start the required 90 day Congressional review. As in FY2006, the AFAs could be initiated using a single task, i.e., TMC Participation and Program Support, prior to having an approved budget for the entire program, leaving other projects/activities for AFA modifications later in the year.

With this approach, final approval of the FY2007 program of work and budget could be deferred to the September TMC meeting without any adverse impacts. By that time we should have a much clearer picture of year-end funds, potential carryover, and a more accurate idea of House/Senate conference action on appropriations. A third B-Team meeting would be scheduled in July or August to review/revise the budget proposal when year-end funding information is more certain

Background:

1. A draft schedule, process, concepts, and areas of concern that might influence budget priorities were presented to the TMC at their March meeting.
2. Initially, \$9.3 million was considered the "best available" estimate of potential funding based on the FY2007 President's Budget. That amount does not include possible add-ons proposed by members of Congress. To date, only the House has passed an appropriation bills for Interior (FWS) and Energy & Water (Reclamation).
3. The B-Team met on May 9 to discuss process, schedule, and potential ranking criteria.
4. The TRRP staff presented a draft proposal of ranking criteria to the IDTeam on May 25, along with an evaluation table and initial results (based on limited "in-house" discussion). Comments were requested.
5. The B-Team met on June 6 to review three budget options developed by TRRP staff. These options were designed to highlight major trade-offs for each budget mix. Areas of agreement and disagreement were identified, and modifications were suggested by the group. The draft ranking criteria presented on May 25 were only used by TRRP staff in a qualitative manner in developing the three budget options. Prior year experience and professional judgment were also applied. The B-Team participants suggested that the criteria should continue to be reviewed, revised, and updated between now and development of the FY2008 program of work.
6. In the past week, the Executive Director developed a draft proposal based on all input received to date, for presentation to the TAMWG on June 15-16 and the TMC on June 19-20. The resulting spreadsheet is enclosed for your review.
7. Fundamental priorities within the RIG budget continue to be: (1) maintain floodplain structure modification schedules for implementing the high flows (11,000 cfs plus 10-yr tributary accretions by 2007; 11,000 cfs plus 100-yr tributaries by 2008); complete 24 channel rehabilitation sites by 2008 (the remainder by 2012); and accelerate the implementation of coarse sediment augmentation.
8. The TMAG has focused on critical monitoring activities, and applied the "accordion principle" wherever possible. This principle varies funding with the duration and magnitude of proposed monitoring and analysis efforts. For example, Rotary Screw Traps may be operated for 5, 6, or 7 months, at 1 or 2 locations, with 1 or more traps at each location.

Recent Developments:

1. Based on a B-Team request, we reviewed FY2006 expenditures to date and believe that approximately \$500,000 of this year's FWS funding will be available for carryover into FY2007 (these are multi-year funds).

2. Following discussions with Area Manager Brian Person, we are assuming that Reclamation will be successful in finding other funds (estimated need of \$400,000) to use for the repair and/or reconstruction of the Brown's Mountain Road/Culvert, with the contract to be awarded in FY2007.
3. Together these items increase our estimate of available funds from \$9.3 million to \$10.2 million in FY2007. This is still about 81% of the TMC-approved budget for FY2006.

Really Recent Developments:

1. A complicating factor for both FY2006 and FY2007 is that it now appears unlikely that we will be able to award the construction contract for the Indian Creek project before the end of the fiscal year. This is primarily due to lengthier requirements for NEPA/CEQA compliance, permitting, and determination of National Register of Historic Places (NRHP) status. As a result, we will need to shift at least an additional \$800,000 of construction needs from FY2006 into FY2007 (to be used in addition to the \$700,000 in grant money already shown in FY2007 for this project). Extensive interaction between the Executive Director and Reclamation's Area Manager and Regional Office will be necessary to effectively obligate some of those FY2006 funds for other projects, shift cost authorities from multi-year A1R reimbursable accounts to single-year A30 accounts, and possibly request special consideration from the Mid-Pacific Region for TRRP carryover. A number of TRRP projects with current multi-year contract options and/or approved scopes of work that can be quickly implemented within Reclamation's cut-off dates for new agreements or grants are being reviewed for their utility in this situation. Input from the TAMWG and TMC will be requested to inform this process.

Key Elements of the Current TRRP Draft Proposal:

1. Following this year's winter storms and "extremely wet" peak flows/duration, we believe it is critical to obtain new topographic and bathymetric data to assess the current condition of the river channel. These tasks are proposed at \$420,000.
2. All necessary environmental compliance/permitting/design activities needed to maintain the current rehab site schedule (Phase 1 completed by 2008) are funded.
3. Full funding for the current four members of the SAB is included.
4. Current (FY2006) levels of funding for the TMC and TAMWG are maintained.
5. The majority of RIG contract costs for rehab site construction are shifted into FY2008 (\$3.375 million), thus allowing additional funds for TMAG related activities in FY2007.
6. To help cover costs of bathymetry, it is proposed that sediment monitoring be scaled back to something less than a normal water year's requirements. If next year is "wet" or "extremely wet" we would need to revisit this amount.
7. Coarse sediment introductions (compliance/permitting/design/implementation) are maintained at a moderately high level.
8. Full levels of funding are shown for both juvenile and adult health monitoring, but it is expected that significant funding from Reclamation's Klamath Basin Area Office will become available and reduce the need for TRRP funds.
9. Reductions to tributary watershed restoration activities are minimized.
10. Wildlife activities (avian/herp) are proposed at approximately 50% of full program.

11. There is only one new start in the TRRP proposal, Fry Density. This task is a fundamental part of documenting baseline conditions, and is considered a critical missing piece of input by the developers of the fish production model (SALMOD). Further discussions among fish biologists are proposed to help resolve differences of opinion on this subject.
12. Funding for juvenile outmigration estimates (rotary trapping) is proposed at \$350,000, pending compilation of cost comparison studies of other similar programs in the Pacific Northwest, review by program partners, SAB, expert review panels, and government-to-government discussions with Hoopa Valley and Yurok Tribes. This amount assumes the possibility of using a competitive RFP process to solicit bids.
13. Run size activities are maintained at about 80% of the FY2006 funding levels.

Funding Comparisons and Projections

	FY2006 PB Feb. 2005	FY2006 Final Nov. 2005	FY2007 PB Feb. 2006	FY2007 PB Feb. 2006 (updated)
Reclamation (Water & Related)	\$ 7.064	\$ 8.064	\$ 7.000	\$ 7.000
CVPIA Restoration Fund	2.000	2.000	0.000	0.000
Reclamation (other than TRRP)				0.400 (Brown's Mtn. Rd.)
USFWS (est.)	1.600	1.600	1.600	1.600
DFG and EPA Grants	0.000	0.000	0.700	0.700
USFWS Carryover prior year (est.)	0.600	0.800	0.0	0.500
Total (millions)	11.264	12.464	9.300	10.200

FY2007 Proposal

	FY2005 TMC Approved	FY2006 TMC Approved	FY2007 50:30:20 Mix	FY2007 w/2006 Mix	FY2007 TRRP Proposal
Program Administration	2,005 (19.1%)	1,875 (15.0%)	1,860 (20.0%)	1,395 (15.0%)	1,898 (18.7%)
Rehabilitation Implementation	4,336 (41.2%)	6,232 (50.0%)	4,650 (50.0%)	4,650 (50.0%)	4,544 (44.8%)
Modeling and Analysis	4,175 (39.7%)	4,358 (35.0%)	2,790 (30.0%)	3,255 (35.0%)	3,693 (36.4%)
Total Available Funds	10,516	12,465	9,300	9,300	10,200

All dollars in thousands; out-year and full ROD program estimates are subject to on-going verification and improvement; funding sources not specified.