

BUDGETING RULES FOR THE EXPENSE PORTION OF BPA'S FISH AND WILDLIFE PROGRAM

Overview

For the FY 2004-2006 period, the Northwest Power and Conservation Council (Council) will develop a multi-year project budget for BPA's Fish and Wildlife Program. The expense portion of this budget will not exceed an average of \$139 million per year. The project budget will reflect an amount of work that each project can accomplish between October 1 and September 30 of each year, and the associated spending plan for that work. The Council's multi-year budget will not exceed \$556 million for FYs 2003-2006 (an average of \$139 million per year).

Features

\$139 million plus-or-minus 10 percent: When the Council completes its recommendations for expense budgets, the budgets, together with actual expenditures for years already complete and the forecast for the not-yet-complete current year, should result in expenses for the FY 2003-2006 period that average no more than \$139 million per year. The expense in any one year can fluctuate by up to plus or minus 10 percent of \$139 million, allowing a range between \$125 million and \$153 million for any year, provided the program is within the \$556 million total. To the extent that expenses in any year are forecasted to exceed \$139 million, prior year actual expenses and/or out-year forecasts of less than \$139 million are required. To the extent work performed in one fiscal year results in associated spending of less than \$139 million, the difference between the expenditures and \$139 million may be made available for work performed in the subsequent fiscal year (within the plus-or-minus 10% band width, or \$125 million to \$153 million). So, for example, if work performed in FY 2004 resulted in expenditures of \$130 million, BPA may make available \$139 million plus \$9 million, or \$148 million in FY 2005. All allowance of flexibility of funds is done on a project-level basis through rescheduling or Available Contract Funds. There is no programmatic carry-over.

Rescheduling: Rescheduling is the circumstance where there is a shift in work between years without changing the overall project budget or scope. If work will take longer to perform for reasons beyond the sponsors' control, or can potentially be moved to an earlier time, the funding associated with that work may be rescheduled, as long as the total program budget for FYs 2003-2006 remains within the parameters of an annual average of \$139 million and plus-or-minus 10% of \$139 million for each year.

BPA is developing the protocols for controlling and tracking rescheduling. Considerations will include: the continued relevance of the work, when the work can realistically be performed, etc.

Contracting Officer Technical Representatives (COTR) will be authorized to allow rescheduling, and increase a project budget and/or annual spending cap by up to 10 percent of the annual project budget amount up to a maximum amount of \$20 thousand without notifying Council of the action. Protocols will be developed and presented to Council prior to this being implemented.

Available Contract Funds: Funds not used for a project, or not yet committed to a project, are made available to fund other projects. They can be spent on other projects in the current or future years, as long as the annual program budget remains within plus or minus 10 percent of the \$139 million program average.

Quarterly Program Status Review Meetings: A key part of managing the Fish and Wildlife Program budget effectively will be holding Quarterly Program Status Review meetings. These meetings will provide the opportunity for BPA, Council and CBFWA staff to discuss the progress of projects, with BPA's Project Managers/COTRs and contractors attending as necessary. It may be determined that these meetings should be held more often than quarterly. The meetings will be used to:

- discuss projects that appear to be considerably ahead of or behind schedule;
- report rescheduling or changes to project budgets that COTRs have approved within their authorization parameters;
- consider requests for rescheduling outside COTR authorized parameters;
- decide on the appropriate process and level of review for requests for additional funding or changes in scope;
- identify the amount of Available Contract Funds; identify and discuss other budget-related issues.

These actions will be identified and reported at Quarterly Program Status Review meetings, and necessary action to maximize performance in the Program will be taken. The expectation is that through this process, projects will be managed such that the combination of Available Contract Funds and Rescheduled Funds applied to the following year will be managed within plus or minus ten percent of the \$139 million annual average. In support of this process, BPA will provide project-level reports on a regular basis showing project budgets and accrued expenses to date.