

**WHEELER SOIL & WATER CONSERVATION DISTRICT
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April 23, 2016

Mr. Mark Fritsch
Northwest Power & Conservation Council
mfritsch@nwcouncil.org

RE: Project Funding

Dear Mr. Fritsch;

I have just recently learned that Shaun Robertson, as a member of the John Day Partnership Group, has voiced some concerns about the project funding program being administered by the Confederated Tribes of Warm Springs (CTWS) which consists in part with Bonneville Power Administration funds. As District Manager for our conservation district, I also have had concerns about the procedures utilized by CTWS in determining project funding distributions. I have been hesitant in expressing these concerns with the possibility of losing future funding on project applications and not sure if there were any other agencies experiencing the same problems. Now that Shaun has come forward, I also feel it is time for me to voice my concerns about the procedures CTWS has used in determining funding distribution.

In 2008 Wheeler SWCD and Monument SWCD submitted a joint application for project funding during the ISRP application process. In the final review analysis, our application ranked number two and we received funding approval. Several long standing programs were going to lose their funding once the final awards were posted and BPA sought a way to be able to continue funding to these agencies and opened negotiations with different ISRP applicants. We were approached by BPA staff to see if we would consider going under an umbrella with CTWS so our combined funding would be large enough to come from a different BPA funding pool. This would then allow enough funding to be available for these other programs. After discussion with Monument SWCD staff, we agreed to combine our proposal with CTWS if it would mean funding would be made

available to these other agencies and we would be guaranteed that we would receive our total project amount from the other funding pool. Being new kids on the block and naive about the process, we trusted both BPA and CTWS that we would receive our funding allotment. We failed to require BPA to draft a document spelling out the terms of this agreement. An agreement was drafted between our district and Linda Brown, Project Manager for CTWS accepting our two year funding level for fourteen projects at \$1.6 million. We were required to submit to Linda a brief narrative of the projects, work elements to be completed and what issues they were addressing, and an estimated project budget. Under this agreement, we had control of our funding and governance of our project program. To date, CTWS has only honored this funding level for the 2008-2009 contract. The funding level has been consistently lowered with each contract renewal and we have lost control of our funding. This year we were required by CTWS to submit funding applications in competition with the other agencies for our funding pool. Our current two year contract with CTWS is for \$249,520 for two projects. This is vastly different from the funding terms that we had original agreed to with BPA and CTWS.

Over a year ago I received information from Alex Connolly who had worked for the Monument SWCD in 2008 and was now working in the Walla Walla Basin that they had encountered the same situation with their contract being combined with another agency and loss of funding. BPA did make a correction and they received their approved contract amount. I contacted Carl Weist at that time about our funding status and was informed that nothing could be done and that we would have to submit a new ISRP proposal in 2017. Without his support, I once again set aside the loss of funding and began to focus on a proposal for 2017.

We worked with CTWS for about a year and a half helping them develop their strategic plan and a funding application matrix form to be used to determine which applications were to be funded. The matrix form was given to all the agencies to use as a guide in developing project applications for the next funding contract with CTWS. We worked diligently to develop projects that would score high under the matrix system and to meet recovery plan objectives. Our Derr Meadow project was the highest scoring matrix project and was not approved for funding along with our other high scoring projects. CTWS staff decided that the matrix did not work the way they wanted so they threw out the matrix scores and funded the projects by review team recommendations only. It was very discouraging to us to have worked for over a year to help develop the matrix to be used for the project funding allocation, spent the extra time to develop applications to meet scoring criteria and to have all of our high scoring projects not be funded. I also do not believe that we had a fair and transparent review of our project applications. CTWS has individuals sitting on their review team who had submitted project applications for review. I do not feel that we received an unbiased review under these circumstance from the individuals with applications sitting at the review table. The review team should consist of qualified agency staff that have no financial stake in the decision process.

We have developed reach evaluations that tie into the recovery plans for the Middle John Day region and promote full watershed restoration efforts in the priority areas. We have an excellent work relationship with our county landowners who have participated in

many projects. We received high praise of our project work done on Mountain Creek during the last ISRP project review. Our project work was highlighted in the BPA newsletter after the review. Without receiving an adequate level of funding, we are no longer going to be able to fulfill recovery plan requirements for our county in a timely manner. In the past, we have consistently installed 10-15 major projects under our two year contracts with CTWS. At our current rate of funding, our five year restoration plan will be evolving into a ten to fifteen year program.

Along with the funding problems with CTWS, I have a real concern about the Oregon Watershed Enhancement Board FIP application being submitted by the John Day Partnership and to be administered by CTWS. The district is a partner in this endeavor but only participating to keep the door open for project funding. My concern focuses on the control of the funding, both BPA and OWEB, by CTWS. I foresee the same problems and issues coming up under the OWEB FIP funding. Will the project applications receive fair review and will the funds be distributed to the sub-contracting agencies. This has the appearance of putting all project funding under the administration of one agency and is putting too much power over the funding to one entity. It is my understanding that if we do not wish to participate in their FIP project but they have our land area listed in their application, we cannot apply to OWEB for regular restoration project grant funding. It is my assumption and interpretation, with this control, CTWS has the control to decide which agency exists and which do not if they are dependant on project funding for support of their basic operations.

It has always been my understanding that CTWS was to be the umbrella agency, not actively doing project installations, with all project dollars to be allocated to the different regional agencies for restoration project installations. Our own program and funding under our BPA award has been absorbed by CTWS. We have lost any control of the governance and funding of our program. Grant SWCD has also experienced a significant reduction in CTWS project funding for the previous two year contract. I do not have full knowledge of what the circumstance were for this cut but do know that it jeopardizes the economic status of the district with the loss of a major funding source without any advance notification so budgetary adjustments can be made.

I do not understand why CTWS has eliminated the majority of the funding to us and also to Grant SWCD. We both have excelled in our conservation efforts and have received recognition for the good work we have done. I want to see all of us prosper and be able to meet the conservation restoration needs within our region but the inequities and mismanagement need to be addressed. Giving CTWS more money and more control is not a solution for the sub-contracting agencies.

We work hard to secure project match funding. Most of our project applications are tied to other funding agencies like OWEB, NRCS and USFWS. We recently received a \$4.1 million NRCS RCPP contract for project work in the Mountain and Bridge Creek Watersheds. In order for us to meet the contract requirements, we must come up with \$8 million in match funding. We had hoped that most of the match would be generated from our new project applications with CTWS over the five year term of the RCPP contract.

We are now facing jeopardy of not meeting the RCPP match due to the lack of CTWS and OWEB project funding. We were told by CTWS staff that they would support our RCPP projects with project funding. This did not happen in this last application cycle. We strive to be good stewards of the public money and try to do our project installations in the most environmental friendly and economical method possible. I hate to consider that our watershed restoration efforts are going to be hindered by lack of project funding. Our five year restoration plan was based on us continuing to receive our \$1.2 to \$1.6 million per contract from CTWS.

Project and grant funding are the life blood of our district. We do not receive any other type of support funding and do not have a tax base. It is very important to our district that all doors to funding be left open to us and that we receive fair evaluations of our project applications. All of our six staff positions are grant funded and without the ability to receive adequate project contracts, staff levels may have to be reduced or eliminated, which will hinder our conservation program. I hope that in my tenure with the district this does not happen and that we can secure adequate funding to keep the district financially secure.

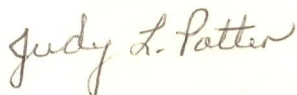
I would like to see the following items considered or established:

- ◆ An equitable evaluation of funding applications
- ◆ A review team composed of agency individuals without a financial stakeholder interest in the projects and a portion of the review team members different than those serving on the OWEB regional review team
- ◆ Consideration given fairly to all sub-contracting agencies for funding
- ◆ The ISRP application process be opened to all agencies that have received BPA funding whether individually or from an umbrella agency
- ◆ Assistance in giving back to our district the ISRP approved funding level or a new negotiated level separate from CTWS or legal agreements put in place that restore our funding level with CTWS

I appreciate your time in evaluating and considering my comments and concerns. I would be happy to discuss any of these items in further detail, either in person or by phone. My intent is not to downgrade anyone or any agency but to have equitable practices in place so everyone is treated fairly and operating under the same processes/procedures and agreements.

Thank you for your time.

Sincerely,



Judy L. Potter
District Manager