

**Klamath River Hydroelectric Project
Interim Measure 11: Priority List of Projects**

**Process for Project Governance, Selection, and
Implementation**

June 7, 2019

Prepared for:



Portland, Oregon

Prepared by:

Jacobs (CH2M)
2020 SW 4th Ave, Suite 300
Portland, Oregon 97201

Table of Contents

1	Introduction and Overview	1
2	PLP Governance.....	2
2.1	Steering Committee	2
2.2	Fiscal Agent	4
2.3	RFP Process and Project/Grantee Selection	4
2.4	Project Oversight, Administration, and Reporting.....	4
3	Fiscal Agent Selection	5
4	Project Selection Process	5
4.1	Request for Proposals	5
4.2	Project Proposal Evaluation Procedures.....	7
4.3	Project Award Decisions	9
5	Project Funding	9
6	Project Implementation and Administration.....	10
7	References	11

1 Introduction and Overview

The Klamath Hydroelectric Settlement Agreement (KHSA; as amended on November 30, 2016) includes Interim Measure 11 (Interim Water Quality Improvements), which is intended to address water quality improvements in the Klamath River during the Interim Period¹ leading up to dam removal by the Klamath River Renewal Corporation (KRRC), which is the entity responsible for dam removal under the KHSA. The emphasis of Interim Measure (IM) 11 is nutrient reduction projects in the Klamath Basin to provide water quality improvements in the mainstem Klamath River. PacifiCorp, in consultation with the Interim Measures Implementation Committee² (IMIC), has developed a Priority List of Projects (PLP) to be implemented to fulfill the objective of IM 11. As further stipulated in the KHSA, the PLP is to be approved by the Oregon Department of Environmental Quality (ODEQ), the North Coast Regional Water Quality Control Board (Regional Water Board), and the California State Water Resources Control Board (State Water Board).

Per IM 11, PacifiCorp will provide funding of up to \$5.4 million for implementation of projects as proposed in the PLP, and an additional amount of up to \$560,000 per year during the Interim Period to cover project operation and maintenance expenses.³ These amounts comprise a fund – referred to in this document as the *KHSA Water Quality Improvements Fund* – that will be administered by the Oregon Watershed Enhancement Board (OWEB) as the designated Fiscal Agent (as described in Section 2.2). In cooperation with IMIC partners, the administration of the fund by OWEB will include oversight of a competitive Request for Proposals (RFP) process for selection of specific projects to implement under the PLP that meet criteria established in consultation with the IMIC (as described in Section 4.2).

Within this document, the term “projects” is used as a general term applicable to various water quality improvement projects, technologies, or activities that will be considered for funding and implementation through a project selection process (as described in Section 4). The term “project categories” is used to refer to groupings or types of projects. In developing the PLP, the IMIC identified four priority PLP project categories: Natural Wetlands Restoration; Diffuse Source Treatment Wetlands (DSTWs); Riparian Fencing and Grazing Management; and Irrigation Efficiency and Water Management (CH2M 2017, 2018). The IMIC concluded that each of these project categories can provide water quality improvements to the Klamath Basin, and as such considered them to be equally important. The IMIC also concluded that PLP implementation should prioritize projects in the Klamath Basin area upstream of Upper Klamath Lake (CH2M 2017, 2018). This decision was made because the Klamath Basin’s nutrient loadings originate from, and are highest, in this area (Oliver et al. 2014; Walker et al. 2012, 2015). As a result, the IMIC assumed that PLP activities in that area will yield greatest proportional nutrient reductions.

The process for development and implementation of the PLP includes four phases. Phase 1 involved the identification and ranking of candidate PLP project categories. Phase 1 activities were completed in April 2017 as described in CH2M (2017). Phase 2 included the determination of: (1) specific PLP project categories; (2) the approach to allocation of funding amounts for the PLP project categories; and (3) the conceptual governance structure and process anticipated to be necessary to implement the PLP. Phase 2 activities were completed in February 2018 as described in CH2M (2018). Phase 3 has involved development of the process and procedures for PLP governance, the selection of OWEB as the Fiscal Agent with oversight responsibilities for specific project selection, funding, and implementation. This document describes these Phase 3 process and

¹ The KHSA defines the Interim Period as the period between the Effective Date and Decommissioning. The Effective Date is the date that the KHSA was originally executed (February 18, 2010). Decommissioning is PacifiCorp’s physical removal from a facility of any equipment and personal property that PacifiCorp determines has salvage value, and physical disconnection of the facility from PacifiCorp’s transmission grid.

² The IMIC is comprised of representatives from PacifiCorp and other parties to the KHSA (as amended on November 30, 2016), and representatives from the State Water Board and Regional Water Board (though not signatories to the KHSA) through Appendix B, Section 3.2 of the KHSA. The purpose of the IMIC is to collaborate with PacifiCorp on ecological and other issues related to the implementation of the Non-Interim Conservation Plan Interim Measures set forth in Appendix D of the amended KHSA.

³ These amounts are subject to adjustment for inflation as set forth in Section 6.1.5 of the KHSA.

procedural elements. In Phase 4, specific projects under the PLP will be selected and implemented. Phase 4 will occur following the KRRC's acceptance of the FERC surrender order per the KHSA.

As noted above, Phase 1 activities are described in CH2M (2017) and Phase 2 activities are described in CH2M (2018). Therefore, the Phase 1 report (CH2M 2017), the Phase 2 report (CH2M 2018), and this Phase 3 document are companion documents. This Phase 3 document is written assuming that the reader is familiar with the contents of the Phase 1 and Phase 2 reports (see CH2M 2017 and CH2M 2018 for details on this process).

As documented in following sections of this Phase 3 document, PacifiCorp coordinated with the IMIC to develop the process and procedures for PLP governance, the selection of OWEB as the Fiscal Agent, and specific project selection, funding, and implementation. This coordination occurred over the course of several meetings (via conference call) and included a Phase 3-specific PLP workshop (in Yreka, California in October 2018) and Fiscal Agent selection meeting (in Yreka, California in March 2019). Workshop participants included ODEQ, the Regional Water Board, the State Water Board, Karuk Tribe, The Klamath Tribes, Yurok Tribe, U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Wildlife (CDFW), Oregon Department of Fish and Wildlife (ODFW), and PacifiCorp. In the meetings and workshops, participants discussed the process and procedures necessary to implement the PLP, including (1) governance considerations, as well as responsibilities for oversight of project implementation, progress, and outcomes; (2) the process for final selection and contracting of specific projects; and (3) selection of OWEB as the Fiscal Agent for contracting of work and payment of funds.

2 PLP Governance

This section describes the governance and oversight of PLP implementation. The primary objective of the PLP governance structure is to provide an adaptive management capability to ensure science-centered management of PLP projects, which will be implemented over a period of years. At its core, the PLP governance structure will include a Steering Committee and a Fiscal Agent (Figure 1). The Steering Committee is ultimately responsible for successful implementation of the PLP actions to improve water quality in the Klamath River as envisioned in the KHSA per IM 11. The Fiscal Agent is responsible for the day-to-day financial and administrative management of the PLP funds.

2.1 Steering Committee

Like the IMIC, the Steering Committee will be made up of members from among the following organizations: ODEQ, State Water Board, Regional Water Board, Karuk Tribe, The Klamath Tribes, Yurok Tribe, USFWS, CDFW, ODFW, Reclamation, and Oregon Water Resources Department (OWRD). When the Steering Committee first convenes (as described below), other organizations with relevant technical expertise in the Klamath Basin could be invited to participate on the Steering Committee, such as the U.S. Forest Service, Natural Resources Conservation Service, and Oregon Department of Agriculture. Each organization that participates on the Steering Committee will be represented by one primary member and assign an alternate. Alternate members will be kept current on the process by the primary members, but only participate in meetings or decisions when the primary members are unavailable. As the designated Fiscal Agent, OWEB will provide a representative to participate in the Steering Committee meetings, but not in an operational decision-making role. PacifiCorp will not participate in the Steering Committee. PacifiCorp will conduct the one-time action of providing funds to OWEB as the Fiscal Agent for the *KHSA Water Quality Improvements Fund* and thereafter will have no further involvement in the PLP process.

The Steering Committee is tasked with oversight of the PLP implementation process. This includes review and approval of the RFP and resulting solicitations, project selection, oversight of the Fiscal Agent, and completion of any necessary reporting. The Steering Committee will include (at a minimum) a designated Committee Chair, Secretary, and Treasurer. The remaining members of the Steering Committee will be considered Members-at-Large. None of the Steering Committee members will be compensated from IM 11 funds,

including the *KHSA Water Quality Improvements Fund*. Rather, participation will be supported by the organizations for which individuals are already employed.

The organizations that comprise the Steering Committee will not be eligible to seek PLP-related project funding and therefore will also not be allowed to respond to the RFP. The predetermined ineligibility of Steering Committee organizations is important to avoid any potential, perceived, or actual conflicts of interest with regard to PLP funding and implementation.

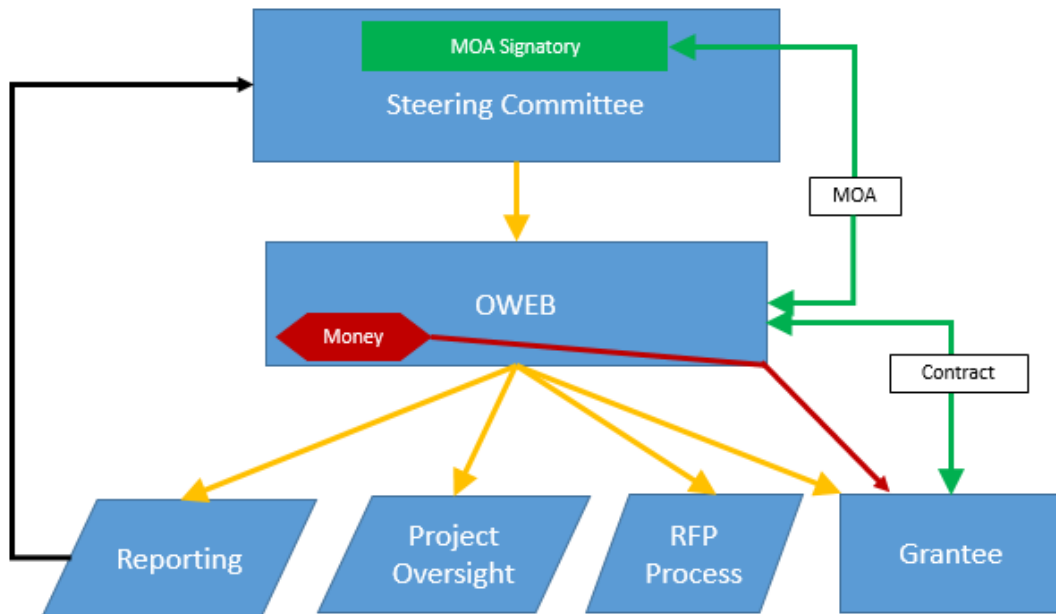


Figure 1. Governance structure.

The responsibilities for each of the positions will include (at a minimum):

- Committee Chair – Responsible for facilitating routine Steering Committee meetings, overseeing an efficient project selection process, representing the Steering Committee at other functions, and providing updates to non-member stakeholders.
- Secretary – Responsible for keeping Steering Committee records (including meeting minutes, website, etc.), scheduling routine meetings, and coordinating all other communications and logistical needs.
- Treasurer – Responsible for oversight of the Fiscal Agent, approval of Fiscal Agent expenditures, annual financial reporting, and any Steering Committee-specific operational costs.
- Members-at-Large – Responsible for participating in meetings and related decision-making, providing input on project selection, communication within their organizations and communities, and other tasks or ad hoc committees as determined by the Steering Committee.

The Steering Committee will convene and hold a first meeting following the KRRC’s acceptance of the FERC surrender order, which is also the timeframe during which PacifiCorp will provide funding to OWEB under IM 11 for the *KHSA Water Quality Improvements Fund*. The Chair, Secretary, and Treasurer will be elected from a slate of volunteer candidates from the Steering Committee at the first Steering Committee meeting. Terms for these positions will be a minimum of 2 years with the opportunity to repeat; this minimum term was selected because a period shorter than 2 years would reduce the effectiveness of the overall group since a substantial amount of time is required to learn the various job duties. As terms expire, a Chair, Secretary, and Treasurer

should be elected, or re-elected, from a slate of candidates by the Steering Committee with one vote per Steering Committee member per position. The duration of the entire PLP implementation process, including the tenure of the Steering Committee, cannot be accurately predicted at this time. Depending on how projects are selected, and funds allocated and spent, the process could last a couple of years or a decade.

The Steering Committee will make decisions based on a simple consensus when possible. In cases when consensus cannot be reached, and an immediate decision is necessary, a vote will be taken on that topic with the simple majority vote making the decision. To make a decision, a quorum of the Steering Committee will be required; that is, a majority of those in the Steering Committee are present to participate in the vote. The Steering Committee may decide to conduct all business using a formal motion/second/discussion/vote process to provide structure and clarity to the process.

2.2 Fiscal Agent

OWEB has been selected by the IMIC to serve as Fiscal Agent as described in Section 3 below. OWEB is a state agency that provides grants to restore and enhance streams, rivers, wetlands, and natural areas in Oregon. The role of OWEB as the Fiscal Agent will be to administer the *KHSA Water Quality Improvements Fund* at the direction of the Steering Committee. As the Fiscal Agent, OWEB will be responsible for fiscal oversight of the *KHSA Water Quality Improvements Fund*, including managing the RFP process and communicating with proposal applicants. OWEB also will be responsible for signing contracts with successful applicants, or Grantees (Figure 1), then overseeing the progress of projects implemented by Grantees and reporting to the Steering Committee on overall funded project status and progress.

As the Fiscal Agent, OWEB is capable and willing to hold and enforce contractual agreements pertaining to administration of the *KHSA Water Quality Improvements Fund*. OWEB will enter into a Memorandum of Agreement (MOA) with ODEQ to clarify legal and fiduciary responsibilities of OWEB as the Fiscal Agent (Figure 1). The MOA will describe the overall process, roles and responsibilities, administrative fees, and other items as necessary to implement the PLP process and manage the *KHSA Water Quality Improvements Fund*.

2.3 RFP Process and Project/Grantee Selection

In cooperation with Steering Committee partners, OWEB's administration will include specific project selection using a competitive RFP process to seek and fund projects. In consultation with the Steering Committee, OWEB will prepare and administer the RFP. The approved RFP will be issued by OWEB and will include a two-step proposal process. In the first step, OWEB will accept pre-proposals for projects through an announced pre-proposal due date. Pre-proposals will be reviewed and evaluated as described below (as described in Section 4.2). In the second step, OWEB will invite successful pre-proposal applicants to submit a full proposal for review.

In consultation with the Steering Committee, full proposals will be reviewed, and recommendation made for grant awards. Final grant awards will be made by OWEB to successful project proposals that meet the selection criteria and are supported by ODEQ, the Regional Water Board, and the State Water Board per the language in IM 11. Thereafter, OWEB will contract with grant recipients (i.e., Grantees), who will implement the projects with funds provided from the *KHSA Water Quality Improvements Fund*.

2.4 Project Oversight, Administration, and Reporting

Once projects are awarded, OWEB will contract with the Grantees (Figure 1). After contracting is complete and a notice to proceed has been provided, OWEB will be responsible for the contractual project management and communication with the Grantees. During performance of projects, Grantees will submit invoices (on a quarterly basis at minimum and preferably monthly) and progress reports to OWEB for consideration and payment. OWEB will in turn be responsible for reporting to the Steering Committee on the status of funded

projects. The reporting goal will be to inform the Steering Committee about progress, milestones, and any substantial issues that arise that may affect project focus, cost, or schedule.

Reporting specifics will be defined by the Steering Committee, but may include project updates for Steering Committee meetings, an annual summary report, quarterly fiscal reports, invoice approval forms, or some combination of these. OWEB will compile Grantee invoices into an invoice approval form that will be submitted to the Treasurer for review and approval. This limits the Treasurer's workload to one action item per month yet allows the Treasurer some control over the funds and the opportunity to bring issues to the attention of the Steering Committee should action at that level be necessary.

Because a fixed amount of funding is available in the *KHSA Water Quality Improvements Fund*, when that funding is exhausted (meaning completely spent, not just contracted), the Steering Committee will disband and the agreement with OWEB will expire. Should additional funds be obtained from another source that furthers the group's mission, and the Steering Committee so desires, then the program could continue to operate.

3 Fiscal Agent Selection

OWEB was selected to serve as Fiscal Agent by the IMIC during Phase 3 of the PLP process. This Fiscal Agent selection process involved review of possible Fiscal Agent candidates, development of Fiscal Agent screening questions, collection of candidate-specific answers, a Fiscal Agent selection meeting of the IMIC in Yreka, California in March 2019, a refined list of candidates, and more written questions and answers before reaching a final determination that OWEB was the best choice to be the Fiscal Agent. Key elements in Fiscal Agent selection included: (1) the ability and expertise of the Fiscal Agent to fulfill the role and responsibilities; (2) demonstrated experience with similar processes; (3) types and sizes of similar projects worked on; (4) costs and fees for Fiscal Agent services; and (5) Fiscal Agent resources, capacity, and proximity. OWEB was selected based on their willingness and enthusiasm for serving in the Fiscal Agent role, their extensive experience and knowledge for managing funds for natural resources enhancement projects, their current understanding and involvement in the Klamath Basin, and their competitive fee structure.

4 Project Selection Process

In coordination with the Steering Committee, OWEB will oversee and implement a defined process for selecting projects to receive awards from the *KHSA Water Quality Improvements Fund*. This process serves two main purposes: (1) it provides an open and transparent proposal-bid opportunity to any potential entity with interest and qualifications to implement specific projects from the PLP; and (2) it provides a defensible, structured decision-making framework by which projects can be selected for funding.

4.1 Request for Proposals

The Steering Committee and OWEB will work collaboratively to develop the final RFP that will allow them to select implementable projects from the PLP based on a draft RFP developed in Phase 3. The RFP will include an overview of the PLP program; details relating to PLP goals, objectives, and priorities; applicant eligibility; geographic focus for proposed projects; funding availability; discussion of evaluation criteria; an overview of contractual requirements; timelines for submittals and decision-making; and detailed instructions on how to apply.

The RFP will include a two-step competitive proposal process. In the first step, OWEB will accept pre-proposals for projects. In the second step, OWEB will invite successful pre-proposal applicants to submit a full proposal by an announced full proposal due date/time. The requested content of pre-proposals and full proposals, and the process for their review and evaluation are summarized below.

4.1.1 Pre-Proposal

If numerous submittals for funds are expected, a pre-proposal process is recommended. Applicants will be requested to complete a short pre-proposal narrative (about 2 pages) that: (1) provides the title of the proposed project and name of the applicant or proposed project sponsor; (2) specifies which of the four project categories (as described in Section 1) the proposed project addresses; (3) summarizes the purpose, goals, objectives, and expected benefits of the proposed project; (4) summarizes anticipated regulatory permitting/compliance needs; and (5) provides an estimated total cost and time duration for completion of the proposed project.

The Steering Committee will review the pre-proposals and use that review to make decisions about which Applicants should be invited to submit a full proposal and which proposed projects can be declined. Pre-proposals also allow the Steering Committee to provide feedback to the Applicants regarding suggested changes in project focus or reasons for being declined. Based on the Steering Committee's recommendations, OWEB will invite Applicants to submit a full proposal to demonstrate in detail how the proposed project will benefit water quality in the Klamath River and fulfill the goals of the *KHSA Water Quality Improvements Fund*.

Using a pre-proposal process requires an extra evaluation step and a Steering Committee meeting to discuss the pre-proposals; however, the pre-proposals should be relatively short and easy to review. Because the Steering Committee will have reviewed the pre-proposals, full proposal review will be more efficient. Overall, this process should save time for both the Steering Committee and the Applicants.

4.1.2 Full Proposals

The RFP will contain detailed instructions for full proposals. The full proposals will be instructed to contain a detailed scope of work, discussion of water quality benefits of the proposed project, detailed and up-to-date budget, implementation schedule, description of the project team's qualifications, and other information following the guidelines in the RFP. The full proposal must provide a detailed discussion of the project and the benefits it would have on water quality in the Klamath River. This information is critical so that the Steering Committee can make the most informed decisions about where funds should be allocated based on the benefits of individual proposed projects. Score sheets will be used in proposal evaluation to help standardize and document decisions.

At a minimum, full proposals will be instructed to contain the following content and information:

1. Title of the proposed project and name of the applicant or proposed project sponsor.
2. The specific project category or categories (as described in Section 1) the proposed project addresses.
3. Description of project purpose and objectives. Provide a description of the purpose, goals, and objectives of the proposed project.
4. Description of expected project benefits. Provide a description of the expected short-term and long-term benefits to water quality from the proposed project. Description of benefits using quantifiable metrics are encouraged. If this project is a continuation or expansion of an existing project, describe the status and results/outcomes achieved to-date.
5. Scope of Work. Provide the proposed scope of work, including the following:
 - a) List and describe the primary tasks and activities that will be conducted for the proposed project. Explain how these tasks or activities address the goals and objectives described above.
 - b) Describe the means and methods by which the scope of work will be accomplished.
 - c) Describe the planning, design/engineering, and permitting necessary for project implementation and how the project team will complete those necessary steps and obtain all relevant permits.

- d) If private landowner cooperation is necessary, describe what is needed and the status of that cooperation. Documentation of landowner agreements may be required for a project to receive funding.
 - e) Describe the reporting or documentation to be prepared for the proposed project. Implementation monitoring, including measures based on quantifiable metrics, is encouraged.
 - f) Describe the schedule and duration of the primary tasks and activities for proposed project. The project schedule should be detailed, describe major project milestones, and identify the planned project implementation and completion dates.
6. Project participants and partnerships. Describe the personnel, organizations, or contractors that comprise the project team. List the names of the project manager and other key technical participants, and provide their qualifications for involvement in the project. If the project is a cooperative effort with other organizations, list proposed partners and the roles that they will play in accomplishing the scope of work.
 7. Estimated budget and requested funding. Provide a detailed budget estimate and funding request for the proposed project.

4.1.3 Communications

Communications between applicants and the Steering Committee during the entire RFP process will occur only through OWEB. The Steering Committee will not directly communicate with any applicants. This ensures all applicants receive the same information and there are no back-channel communications that could be construed as benefiting certain applicants.

4.2 Project Proposal Evaluation Procedures

Pre-proposals and full proposals will be reviewed and evaluated by the Steering Committee in a process facilitated by OWEB. Proposals will be evaluated according to their ability to meet certain evaluation criteria, and the adequacy and clarity of application information. Applicants are encouraged to review *Development of a Priority List of Projects: Phase 2 Report* (CH2M 2018)⁴ for detailed information on project categories, including associated goals and objectives; recommended priority locations; suggested design features and elements; assumed capabilities and effectiveness; potential uncertainties; project-related cost information; and information sources.

4.2.1 Proposal Evaluation Criteria

Proposals will be evaluated based on the following criteria covering the topics of technical merit, cost effectiveness, permitting and compliance, organization qualifications, and community and partner involvement.

4.2.1.1 Technical Merit

The proposal's technical merit will be evaluated on how thoroughly and effectively the proposal:

- Presents a clear discussion about the project water quality benefits, including the quality and quantity of benefits, the sustainability (likely duration) of benefits, and estimated level of certainty that benefits will be realized.
- Describes how this specific project fits into water quality management in the Klamath Basin, including interconnection and integration with other existing plans and programs. Such plans include but are not limited to the Upper Klamath Basin Watershed Action Plan (WAP), the Upper Klamath Basin

⁴ Available online at <http://www.pacificorp.com/es/hydro/hl/kr.html>

Comprehensive Agreement, and the Klamath Basin Integrated Fisheries Restoration and Monitoring Plan (IFRMP).

- Describes and explains project objectives, approach, and scope of work that are clear and technically sound.
- Describes the project deliverables and estimated timeline.
- Describes how reporting of the project milestones and implementation monitoring will occur during the project until its completion.

4.2.1.2 Cost Effectiveness

The proposal's cost effectiveness will be evaluated on how thoroughly and effectively the proposal:

- Presents an estimated budget with labor and expense costs for primary tasks that match the proposed scope of work.
- Provides rationale and statements on the benefits and values of any matching funds.

4.2.1.3 Permitting and Compliance

The proposal's handling of permitting and compliance will be evaluated on how thoroughly and effectively the proposal:

- Describes necessary permitting and environmental approvals, timelines, and compliance required to implement and complete the proposed project.
- Provides associated effort and costs to obtain necessary permits and approvals as identified.

4.2.1.4 Organization Qualifications

The qualifications of proposal applicants and sponsors will be evaluated on how thoroughly and effectively the proposal:

- Demonstrates the organization's relevant experience and past performances with this type of project.
- Describes the qualifications and experience of the key staff assigned to the project (e.g., project manager, principal investigator(s), and other professionals).
- Defines and justifies the roles and responsibilities of the key staff assigned to the project.

4.2.1.5 Community and Partner Involvement

The proposal's community and partner involvement will be evaluated on how thoroughly and effectively the proposal:

- Describes partnerships with landowners (if applicable) and provide documentation that the landowners are willing to provide access and agree to the work done on their property.
- Demonstrates local area stakeholder support for the project (e.g., number, diversity of partners, matching funds, contact information and letters demonstrating involvement and support).
- Describes additional project scope assistance from other partner or stakeholder sources, such as additional funding or in-kind services.
- Provides for technology sharing or public education opportunities.

4.2.2 Proposal Evaluation Scoring

Proposals will be evaluated and awarded based on assigning scores to the proposal evaluation criteria described above. A point system has been established whereby a maximum number of points will be assigned based on how well the proposal addresses the criteria within each of the topics (i.e., technical merit, cost effectiveness, permitting and compliance, organization qualifications, and community and partner

involvement). The variation of the maximum number of points among the topics reflects the relative priority or weighting given to the topics for project selection purposes (Table 1). The resulting sum of points will provide an aggregate score for use in recommending project award decisions (as described in Section 4.3).

Table 1. Maximum Number of Points for Proposal Evaluation Criteria

Proposal Evaluation Criteria	Maximum Number of Points
Technical Merit	7
Cost Effectiveness	5
Permitting and Compliance	2
Organization Qualifications	3
Community and Partner Involvement	3
Possible Total	20

4.3 Project Award Decisions

Project award decisions will be made by the Steering Committee in a meeting facilitated by OWEB. Project award decisions by the Steering Committee will be based on recommendations derived from proposal evaluation scores that are determined as described above. The Steering Committee will make project award decisions based on consensus when possible. If consensus cannot be reached on a particular project recommendation, a vote will be taken with a majority vote making the decision. For project award decisions, a quorum of the Steering Committee will be required; that is, a majority of those in the Steering Committee are present to participate in the vote.

5 Project Funding

Project award decisions (as described above) will constitute the decision by the Steering Committee to fund or not fund a specific proposal. The funding award decisions will be clearly communicated to the applicants by OWEB as the Fiscal Agent. OWEB will be responsible for confirming that the aggregate budgets of proposed funded projects can be covered with the available amount in the *KHSA Water Quality Improvements Fund*. Moreover, OWEB will be responsible for confirming the proposed funded projects can be covered with the available funds as allocated within the final four PLP categories (Table 2). In the event that the aggregate budgets have the potential to exceed the available fund amount, OWEB will consult with the Steering Committee on appropriate award changes or adjustments.

The *KHSA Water Quality Improvements Fund* will be initially allocated an equal percentage-share of the \$5.4 million for implementation of projects (Table 2). These shares of the overall fund are funding targets only because the volume of funding necessary under each of the categories is unclear and flexibility in allocation between categories may be necessary. In addition, an equal percentage-share of the overall fund will be held as a “Flex Fund”, which would be applied to any (or all) of the four project categories as the need arises. This combination of funding targets and a Flex Fund allows flexibility for allocation of funds between categories should more or less money be needed in a particular category to achieve the highest water quality benefits.

Table 2. Recommended Funding of Project Categories

Project Category	Funding Target
Natural Wetlands Restoration	20 %
Diffuse Source Treatment Wetlands	20 %
Riparian Fencing and Grazing Management	20 %
Irrigation Efficiency and Water Management Projects	20 %
<i>Flex Fund</i>	20 %

6 Project Implementation and Administration

Once projects are awarded, OWEB as the Fiscal Agent will proceed with contracting with the successful applicants. After contracting is complete and a notice to proceed has been provided, OWEB will be responsible for the contractual project management and communication with the Grantees. All invoices and progress reports will be submitted to OWEB by the Grantee for consideration and payment. The Grantees will be responsible for detailed progress reporting to OWEB. OWEB in turn will report to the Steering Committee on the status of funded projects.

The reporting goal will be for OWEB to inform the Steering Committee about progress, milestones, and any substantial issues that arise that change project focus, cost, or schedule. Reporting specifics will be defined by the Steering Committee, but likely will include project updates for Steering Committee meetings, an annual summary report, and quarterly fiscal reports.

The Fiscal Agent will compile Grantee invoices into an invoice approval form that will be submitted (on a quarterly basis at minimum and preferably monthly) to the Treasurer for review and approval. This limits the Treasurer’s workload to one action item per month or less yet allows the Treasurer some control over the funds and the opportunity to bring issues to the attention of the Steering Committee should action at that level be necessary.

Because a fixed amount of funding is available through the *KHSA Water Quality Improvements Fund*, when that funding is exhausted (meaning completely spent, not just contracted), the Steering Committee will disband and the agreement with OWEB as the Fiscal Agent will expire. Should additional funds be obtained from another source that furthers the group’s mission, and the Steering Committee so desires, then the program would continue to operate.

Project implementation and administration will include an adaptive management element. Over the period of PLP program implementation, which could occur over a few to several years, the Steering Committee will be responsible for reviewing the annual reports from the Fiscal Agent and recommending adjustments to how the PLP program is being managed and implemented. For example, these adjustments could include changes to the project categories, shifts in funding priorities by category, or shifts in technical priority of specific projects and locations. The evaluation of project implementation and administration by the Steering Committee, including recommended adaptive adjustments to the PLP program, will be discussed annually (following issuance of the annual report) in a meeting of the Steering Committee and the Fiscal Agent.

7 References

- CH2M. 2017. Development of a Priority List of Projects: Phase 1 Report. Klamath River Hydroelectric Project Interim Measures Implementation Committee: Interim Measure 11. April 2017. Prepared by CH2M, Portland, Oregon for PacifiCorp, Portland, Oregon.
- CH2M. 2018. Development of a Priority List of Projects: Phase 2 Report. Klamath River Hydroelectric Project Interim Measures Implementation Committee: Interim Measure 11. February 2018. Prepared by CH2M, Portland, Oregon for PacifiCorp, Portland, Oregon.
- Oliver, A., R. Dahlgren, and M. Deas. 2014. The upside-down river: Reservoirs, algal blooms, and tributaries affect temporal and spatial patterns in nitrogen and phosphorus in the Klamath River, USA. *Journal of Hydrology* 519: 164-176.
- Walker, W., J. Walker, and J. Kann. 2012. Evaluation of Water and Nutrient Balances for the Upper Klamath Lake Basin in Water Years 1992-2010. Technical Report to the Klamath Tribes Natural Resources Department, Chiloquin, OR. July 2012. 50 pp +Appendices.
- Walker, J., J. Kann, W. Walker. 2015. Spatial and temporal nutrient loading dynamics in the Sprague River Basin, Oregon. Prepared for The Klamath Tribes Natural Resources Department.