

*Nez Perce*

**TRIBAL EXECUTIVE COMMITTEE**

P.O. BOX 305 • LAPWAI, IDAHO 83540 • (208) 843-2253

September 2, 2003

Molly Moreland  
Bonneville Power Administration  
P. O. Box 3621  
Portland, Oregon 97208-3621

Dear Ms. Moreland:

Bonneville Power Administration has published a draft Policy Manual for its Fish and Wildlife Program. The Nez Perce Tribe has reviewed the draft and compiled the following comments:

- A. The Nez Perce Tribe appreciates and agrees with the direction of change that BPA is attempting to implement in its effort to simplify the BPA contracting award process:
  1. The BPA Project Manager/COTR and Contracting Officer (CO) will cooperatively review the contractor's proposed statement of work, work schedule, and budget documents and compile a master list of questions or concerns, if necessary, that will be answered by the Contractor.
  2. The multi-year contracting strategy.
  3. The requirement for a timely signed contract.
  4. Timeliness and consistency throughout the entire contracting process.
- B. The draft Policy Manual is a major step in the right direction of BPA contracting. However, it does produce a number of major obstacles in creating an efficient and effective fiscal and program management process. The following is an outline of the weaknesses we have determined that need to be addressed in the process of developing a workable contracting process:

1. Task based budgeting will create additional work for both program and accounting personnel of the Tribe. The Tribe currently has 39 on-going contracts with Bonneville Power Administration, each of which is multi-tasked. With task based budgeting, the need to add a new level of accounting for costs would be established, as well as generate additional budgets to maintain and monitor especially in light of BPA fiscal year end caps.

2. The Tribe has 39 BPA contracts and 36 have contract years that end on dates other than September 30 which is BPA's fiscal year end. With spending caps being implemented at BPA's fiscal year end, the Tribe now has, in effect, 72 budgets to maintain and monitor. There are two budget periods for each contract. It would appear that the BPA workload will increase and the efficiency will decrease in accomplishing the scope of work due to the spending cap during the contract year as well as at the close of the contract year.

BPA must also review accrual calculations at September 30 for all contracts and for each task based budget. Based upon our review of BPA fiscal year spending caps and BPA fiscal year end accrual calculations, the Nez Perce Tribe is considering a request to BPA to change all of the contract year ends to agree to BPA's fiscal year end (September 30). This would eliminate the double budgets for each contract and the accrual calculation since the contract would end at September 30 and would create a more efficient program and accounting process for both the Tribe and BPA.

3. The draft Manual limits the billing frequency to once a month with payment being "Net 30". The Nez Perce Tribe currently bills BPA bimonthly and generally receives payments within 10 days. Each billing averages \$350,000 to \$500,000. The proposed change would force the Tribe to establish a bank line of credit of approximately \$2,000,000 to cover the Tribe's cash flow since we will be 60 days out in the receipt process. Since interest is an unallowable cost, the Tribe would have to use Tribal funds to pay for the financing of BPA projects. It is not the intent of the Northwest Power Act and the conditions placed on BPA for the Nez Perce Tribe to fund those requirements.

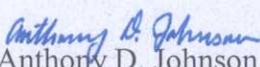
4. The procedures set forth in the draft Manual will create additional administrative overhead rather than actual scope of work time at the Tribal program level. Additional costs will be incurred and efficiency will be limited because of the requirements of creating, monitoring and accounting for task based budgets, monitoring and maintaining spending levels because of a "double budget" for each contract, and notifications and amendments required because of spending cap overages/shortages and delays or acceleration of work. Since not every BPA contract (est. 600+)

ends on September 30, the goal of consistency throughout is eliminated as more requirements are placed on contracts with ending dates other than September 30. Additionally, it would appear that the total workload of both the contractor and BPA would increase based upon the review of the draft Policy Manual.

The Nez Perce Tribe, in conjunction with the Bonneville Power Administration, is continually searching for ways to become more efficient and effective in the management of time and resources as we look to accomplish the objectives of improving fishery programs in the northwest. This draft Policy Manual is a strong step in the right direction but the current draft will increase rather than simplify the workload for the contractor.

Should you have questions regarding any of the above comments, please contact Michael J. Penney, Executive Director, at (208) 843-7324.

Respectfully submitted,

  
Anthony D. Johnson  
Chairman

cc Michael J. Penney, Executive Director