

June 14, 2004

Ms. Susan Muranishi
Alameda County
1221 Oak Street
Oakland, CA 94612

Dear Ms. Muranishi:

The San Francisco Estuary Institute has submitted a revised application seeking funds from CALFED agencies for its proposal, *A PILOT PROGRAM FOR MONITORING, STAKEHOLDER INVOLVEMENT, AND RISK COMMUNICATION RELATING TO MERCURY IN FISH IN THE BAY-DELTA WATERSHED*. This project has been reviewed and is tentatively recommended for funding by a selection panel of scientists and agency leaders. Further information about this application is available on the CALFED Ecosystem Restoration Program web site at <http://calwater.ca.gov/Programs/EcosystemRestoration/Ecosystem2002DirectedAction.shtml>. The complete text of the proposal can be viewed by clicking the proposal's name on the web page. Adobe Acrobat Reader 5.0 or greater is required to view the proposal PDF files. It can be downloaded from a link on the web site.

Public comment on this proposal is now being accepted. Written comments must be received by 3 p.m., Wednesday, July 14, 2004. The selection panel will consider written comments from local governments and tribes on local feasibility concerns related to this application. For example, a project that might not receive local permits or that would require General Plan or zoning amendments could face delays or other implementation barriers. We are not requesting letters of general support or opposition. Please address your comments to Dan Ray, California Bay-Delta Authority, 650 Capitol Mall, 5th Floor, Sacramento, CA 95814. Only written comments will be accepted.

Call me, please, at (916) 445-5243, or e-mail dray@calwater.ca.gov, if you have questions about proposal review or funding recommendation procedures.

Sincerely,

Original Signed By

Dan Ray
Grants Officer

Same letter sent to:

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**CALFED Bay-Delta ERP Panel Review
Selection Panel Review Form**

Proposal Number: 130DA (revised)

Applicant Organizations: San Francisco Estuary Institute, San Jose State University Foundation, California Department of Health Services, University of California Davis, Robert Smith Associates, Oregon State University

Proposal Title: A Pilot Program for Monitoring, Stakeholder Involvement, and Risk Communication relating to Mercury in Fish in the Bay-Delta Watershed

Overall Recommendation: Fund with conditions (as follows)

Someone within ERP should insert text here pertaining to conditions, if any, relating to the budgetary items that require more detailed explanation or additional justification. This is based on Donna's analysis of the budget in the proposal. JGW

Explanation of Rating:

Much of the Bay-Delta ecosystem (watersheds, streams, rivers, Delta, and Bay) contains large inventories of inorganic mercury from historic mining activities and other sources. Certain ecological restoration activities could increase production and concentrations of methylmercury in aquatic food webs supporting production of fish. Methylmercury readily bioaccumulates in exposed organisms and can biomagnify in food webs to concentrations in fish that are harmful to wildlife and humans consumers. Methylmercury is the dominant form of mercury in fish, and exposure of humans and aquatic wildlife to methylmercury results largely from the consumption of fish. For these reasons, the development of a program for monitoring mercury in fish, coupled with stakeholder input and risk communication concerning consumption of fish, was identified as a high priority in the mercury strategy for the Bay-Delta ecosystem.

This project would develop a program for monitoring mercury (present mostly as methylmercury) in fish in the Bay-Delta watershed, coupled to active stakeholder involvement and risk communication. Such a program is needed to assess spatiotemporal patterns in mercury contamination of fishery resources in the ecosystem, to examine the relation of such patterns to ecosystem restoration activities and other potential causal factors, and to provide a foundation for risk communication -- a proven approach for reducing exposure to methylmercury in humans who eat fish. This project will also develop "performance measures" to gauge methylmercury contamination of the watershed during ecosystem restoration and remediation of mercury source areas.

This revised proposal is based on a strong foundation of earlier work in the Bay-Delta watershed and elsewhere, and it has been substantially improved and strengthened relative to the prior version. As noted by the three reviewers, the critical comments and associated recommendations of the reviewers and the selection review panel concerning

the prior version of this proposal were very satisfactorily addressed during preparation of the current proposal. The proposal received three favorable appraisals by reviewers, with two summary ratings of "excellent" and one summary rating of "very good." The team of investigators is knowledgeable, experienced, and possesses complimentary technical strengths and multidisciplinary backgrounds. The project goals are ambitious, yet the probability of successful completion is considered to be very good.

The budget is considered reasonable for the magnitude of the effort proposed, and the total amount of funding requested is less than that in the previous version of the proposal. However, a number of items included in the budget for the proposed project require more detailed explanation and/or additional justification. ERP staff may wish to insert more specific text here. In addition, the applicants are encouraged to consider the "additional comments" provided by reviewer #2 (particularly comments 1 and 2, which concern the determination of mercury in fish tissue and cross-calibration of analytical results among participating laboratories).

***CALFED Bay-Delta Directed Action
Administrative Review
Budget Evaluation***

Proposal number: 130DA -- revised

Proposal title: *A Pilot Program for Monitoring, Stakeholder Involvement, and Risk Communication Relating to Mercury in Fish in the Bay-Delta Watershed*

1. Does the proposal include a detailed budget for each year of requested support?

Yes, although some details are missing.

2. Does the proposal include a detailed budget for each task identified?

Yes, although there needs to be some clarification, especially for Task 1

3. Does the proposal clearly state the type of expenses encompassed in indirect rates or overhead costs?

No

If no, please explain: Typically, budgets will break out costs into salary, benefits, other categories of direct costs, and then indirect costs. In this proposal, the SFEI budget lumps together salaries, benefits, and other costs into one category called "labor costs". The proposal explains the salary (\$18-\$45 per hour) and benefit rate (18%) but does not include a breakdown of the other expenses in the "labor cost" which average around \$90/ hour. There needs to be a more clear explanation of what goes into the "labor cost" category and how the totals were calculated for each task. In the subcontracts, indirect costs are 20% for SJSUF, 26% for UCD, and 19.6% for DHS-EHIB. All of these indirect rates will require additional justification in order to be approved by Dept. of General Services.

4. Are appropriate project management costs clearly identified? No

If no, please explain: Task 1 is not completely described and it is difficult to determine how the costs add up. The proposal lists 5 subtasks, but only two of the subtasks are described with any detail (Narrative pages 5-8). Page 21 of the proposal lists \$150,000 for a review panel and \$72,000 for statistical consultation that will be included in the subcontracts. This adds up to \$222,000, but the amounts for subcontracts in the budget are \$337,821. It is unclear what the additional funds in the subcontract category are for. It is not clear how the \$222,000 in subcontracts relates

to the Task 1 budget breakdown on page 28. There is not explanation of how these subcontracts will relate to the subtasks for task 1.

5. Do the total funds requested (Form I, Question 17A) equal the combined total annual costs in the budget summary?

Within \$1

6. Does the budget justification adequately explain major expenses?

No

If no, please explain: Areas that need more explanation:

- Calculation and explanation of "labor costs" for SFEI budget (approx \$90/hour)
- More explanation of Task 1, including explanation and breakdown of costs in the subtasks, and explanation of subcontracts
- More explanation and justification of travel costs, especially for SJSUF subcontracts (collectively \$61,120 in the subcontracts)
- More detailed breakdown of equipment purchases in the subcontracts (collectively \$100,000 in subcontracts). Equipment purchase over \$5000 requires 3 bids, per state regulations. Equipment will be returned to the state upon completion of the contract (also state regulations).
- More detailed breakdown of supplies in the subcontracts, especially for SJSUF subcontracts (collectively \$88,319)
- Need much more justification of the sub-subcontracts – who is the subcontractor, how were they selected or rates determined, purpose of the subcontract. Also, need budget breakdown and explanation of Gary Ichikawa as subcontractor – is his travel expenses included in the subcontract? What work is he performing? Why does he require \$34,000 per year in travel expenses?

7. Are there other budget issues that warrant consideration? Yes

If yes, please explain:

- \$150,000 for the review panel seems like a lot to pay- especially if this project will also be participating the overall annual mercury review
- Computer equipment (\$6000 in SFEI contract) is considered equipment not supplies

* * *