

PUGET SOUND RECREATIONAL FISHERIES ENHANCEMENT OVERSIGHT
COMMITTEE MINUTES

October 24, 2011

MEETING CALLED BY	Clint Muns
TYPE OF MEETING	Advisory Group
FACILITATOR	Steve Thiesfeld
NOTE TAKER	Colleen Desselle
ATTENDEES	Clint Muns, Randy Aho, Jim Jenkins, Ron Akins, Don Freeman, David Puki, Rich Eltrich, Dave Knudsen, Matt Parnell, Norm Reinhardt, Mike Gilchrist, Dave Croonquist, Ron Warren, Colleen Desselle, Tara Livingood, James Dixon, Steve Thiesfeld

Agenda Topics		
DISCUSSION	Introductions	
CONCLUSIONS	N/A	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	Agenda Items.	
CONCLUSIONS	No changes to agenda.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	February and May Minutes	
CONCLUSIONS	Accepted as presented.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	June Minutes	
CONCLUSIONS	Accepted as presented.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	Possible Production Changes – Steve Thiesfeld/Ron Warren	
<p>James Dixon indicated that the Puget Sound Hatchery Action Advisory Committee (meeting for last three months) has a process in place regarding production in Puget Sound. The committee was put together to help the agency when going into meetings with co-managers about discussing agreements about the Puget Sound basin. We are asking pretty directed questions, but by species about where we should focus on those programs, where we should focus on conservation programs going watershed-by-watershed. On our agency web site in our hatcheries section there is a link to the advisory group and it has all the documents we have handed out and some of the summary tables and notes from the meetings. This is about how we improve recovery.</p> <p>I am going to start where we left off for the 2011/13 production for PSRE to remind everybody of where we were. In October we started our process to figure how to get through the biennium.</p>		
CONCLUSIONS	The group is to have a conference call to discuss this. We will Doodle Poll a	

	date for this call.
--	---------------------

Primarily there are two things: (before we go on, let's pass out this document [Attachment 2] that we prepared for and sent to the Northwest Indian Fisheries Commission that recaps our production reductions over the course of the last three years) so it works from left to right of just the particular areas within Puget Sound and the Washington coast starting with our 2009 steelhead production, the proposed reduction column identifies what we have proposed to lead into discussions with tribes and local groups, the actual reduction taken (in many cases the reductions are similar or the same) and then just to give further breakdown what those species compositions were and the numbers and pounds. That leads us into the 2011 (the blue section) that is pounds of salmon and steelhead produced, then the proposed reduction based upon the letter, and what the species and numbers and pounds are in each of those. This is a snapshot of the history we just talked about. In the last section is the proposed reduction package that went to OFM – the 10% package that talks about the Sammish/Hoodspoint reduction. You will notice in that package, not that it is within Puget Sound, but we also proposed a complete elimination of commercial fishing in Grays Harbor and a closure of the Nemah Hatchery in Willapa Bay. So, it is not just here in Puget Sound, but very, very broad and very, very deep. I will walk you through what I think the base is. Going back to the when the base was, which I hope was after your most recent meeting, we had Icy program at 300,000, the Wallace yearlings at 250,000, the Soos zeros (which I know has been a topic of discussion within the group), Garrison, the Chambers/Lakewood program is broken out a little bit more thoroughly here because of some work that we did there, the Hoodspoint yearlings, the Minter/Gorst Creek zeros, the Minter Creek yearlings, and then this miscellaneous piece is the Glenwood egg-take fish health, the coordinator position, marine fish enhancement, the lingcod, Glenwood Springs zeros, the Lake Washington sockeye work, and the coded-wire tag work. These are annual budgets, not biennial. Soos is not shown with the 125 reduction.

Hupp Springs – conservation program production levels is a total of about 700,000 unmarked fish; 400,000 zeros, 70,000 yearlings, and up to 300,000-350,000 for the acclimation ponds on the White. Ponds are numbers in pounds of reductions.

ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Conference call.	Steve Thiesfeld	Doodle Poll tomorrow. Conference call as soon as possible.

DISCUSSION	Legislative Goals Process
-------------------	----------------------------------

There are many questions: Has there been an analysis and a starting point for improvement? Why not have halibut instead of lingcod? Do we want to change the wording from lingcod to bottomfish (which does not include halibut)?

CONCLUSIONS	<ol style="list-style-type: none"> 1). Start with this group exchanging information amongst each other, and Tara and Steve could get information from others in the agency. 2). Build the web page on our group. 3). Get information out on the Weekender Report. 4). Need to provide an outreach. Can we print and distribute at public/private events to reach targeted audience/s? 5) Put creel data out there. 6). Have a web site with links to recreational fisheries, get other constituents to feed information to it for the greater good. 7). Get new anglers out there fishing.
--------------------	---

Halibut are controlled by the IPHC. Halibut we fish do not spawn here but in Vancouver or Alaska. Steve clarified how the data on halibut is really used. Would like the support of the Committee to change the way data is collected on halibut fisheries. Suggestions included: 1) We could list as bottomfish and have a bullet list of the species we are currently working with. Lingcod were chosen because they were on the priority list for the agency. It has been demonstrated that the lingcod can recover quite easily; 2) Add a page to the annual Fishing Pamphlet. This is thought out well ahead of time with a set an amount of pages, and if a page has to be added it may require adding 3 more pages to make 4 new pages; 3) Get real-time data on where fish are biting to the public via web no more than 10 days, not on WDFW web page, but one such as facebook or Twitter. The calendar of when and where to fish based on statistics is more reliable; 4) Get new anglers out there fishing. How? Word of mouth, take them fishing and ensure

they have a good time regardless if they catch any fish to include people who have never fished, people who have fished but not had a good time, and/or people who own a boat but have given up. Advertise in different venues. Take someone you would not normally take to go fishing. Teach them; 5) Create a subcommittee for this; The agency did hire a freshwater staff person to do research on this type of thing.		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Create subcommittee		
DISCUSSION	Budget Updates	
CONCLUSIONS	Expenditures have not been as high as projected.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Report next meeting.	Steve Thiesfeld	
DISCUSSION	Update from Sub-Committee on PSRE Operations	
Tabled progression forward based on goals and objectives. Need to know objectives first. Tara has sent catch statistics and such. We need to know what our production levels will be.		
CONCLUSIONS	Dave wants to work with Tara to devise a 1-pager.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Devise a 1-page document on objectives	Tara Livingood and Dave Knudsen	
DISCUSSION	Dedicated Funds Survey Methodology	
There are three funds that are part of the funds survey program: Regional Fish Enhancement Group, Warmwater Enhancement Fund, and the PSRE Fund. The cost is about \$24,000-25,000 per year split between the three programs, which makes our costs about \$8,000 per year. The RFEG folks have come to the agency and requested that we re-evaluate doing the annual survey where we determine if there is anything going into this program. They wanted us to go to the Legislature try to get it removed from the warmwater legislation and after discussion about the risks involved when introducing legislation, they decided to table their request. We had at one time talked about using the license sales system to ask the survey questions –They have since withdrawn that request. Maybe, even though they have withdrawn that request, perhaps we should continue to pursue the idea asking questions when the licenses sold and see if that would save us some funds and provide better data.		
CONCLUSIONS	Be aware that there may be some changes on how we get surveys done.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Tabled for now.	Steve Thiesfeld	
DISCUSSION	Coho Petition	
Request for consideration: would like us to consider putting some funding into coho production. People complain that they would like to know why the \$10 they put into the license does not improve the coho fishery. How much production do we have? Steve stated that there is a lot. What kind of net pen production do we have? Are there potential places to put into coho production? There is probably reduction in production as much as survival rates.		
CONCLUSIONS	We are sympathetic. If could find a way to include in Puget Sound, we should do it. Coho are not surviving in Puget Sound part of South Sound. We could look at funding a coho program.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
On radar – priority is to get additional information.		

DISCUSSION	Questions and Answers	
Are we doing anything to figure out why our fish are not surviving?		
CONCLUSIONS		
Yearling Chinook is a production. Resident coho and Chinook are mother nature's fish that the winter blackmouth program is flawed is inaccurate. Identify the cause as it is unknown. The work is being done, but it is not known by whom and where.		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
The state is studying this through People for Puget Sound and other groups.		
OBSERVERS		
RESOURCE PERSONS	Tara Livingood	
SPECIAL NOTES		

Attachment 1, Ren

COPY



State of Washington
Department of Fish and Wildlife

Mailing Address: 600 Capitol Way N, Olympia WA 98501-1091, (360) 902-2200, TDD (360) 902-2207
Main Office Location: Natural Resources Building, 1111 Washington Street SE, Olympia WA

January 27, 2009

Mr. Ray Fryberg
Mr. Terry Williams
The Tulalip Tribe
6700 Totem Beach Road
Tulalip, WA 98271-9694

Dear Mr. Fryberg and Mr. Williams:

I am taking this opportunity to provide you with additional information on the budget shortfall facing the Washington Department of Fish and Wildlife (Department) in preparation for a meeting with the western Washington Treaty tribes on February 4, 2009.

I have discussed the deepening budget shortfall with the *U.S. v. Washington* case area tribes ("Treaty Tribes") on previous occasions. At our Puget Sound co-management meeting on November 20, 2008, we discussed the November state revenue forecast, the projected state budget shortfall of more than \$5 billion, and the planning process that the Department had initiated in preparation for potential budget reductions. We discussed new details associated with our budget concerns at a December 16, 2008 meeting with tribal representatives. The packet of information we distributed identified potential funding reductions and affected activities, including the closure of seven hatchery facilities.

Since that time, the process for developing state agency budgets for the 2009-2011 biennium was formally initiated with the release of Governor Gregoire's budget proposal on December 18, 2008. As with other state agencies, the Governor's proposed operating budget would require the Department to make significant reductions in program costs and staffing. These include a \$22.7 million (20%) reduction in state general funds, a \$7.8 million (12%) reduction in state wildlife funds, and the elimination of 156 staff positions.

The Washington State legislature will work from the Governor's proposal during the next three months to develop the final 2009-2011 budget. An important piece of additional information will become available in mid-session, the March 2009 state revenue forecast. I am concerned that the updated forecast may project a further decline in state revenues. The legislature will use the March forecast as the basis for the development of the final budget in mid-April.

Although we are not yet certain what will be included in the final budget, it is essential that the Department fully implement cost-saving measures, including reductions in staffing, by the start of the state fiscal year on July 1, 2009. To meet this schedule, we anticipate that staff will be formally notified of reduction in force actions in late March or April.

The Department has developed a contingency plan for a reduction in state funding of up to \$40 million. Our goal in developing the plan was to identify potential areas for reduction while trying to maintain the core functions of the Department. This includes our legislative mandate to “preserve, protect, and perpetuate” the fish and wildlife of the state, as well as our legal obligations under federal court orders, international treaties, federal laws, and state laws.

We have also attempted to retain balance among our diverse responsibilities and activities. In the Fish Program, for example, we have used the analogy of the gears in a machine to describe the meshing of activities necessary to successfully conserve salmon and steelhead while providing sustainable fishing opportunities. These gears include stock assessment, fishery implementation, planning, and hatchery production. Without a thoughtful and careful balancing of reductions, one gear will be damaged and our ability to implement conservation actions and provide fishing opportunities will come to a halt.

However, the anticipated cutbacks will affect the Department’s ability to continue to provide fishing opportunities at the current level and fully meet all of our stewardship responsibilities for fish, wildlife, and their habitat. More specifically, I believe that the Treaty Tribes are likely to be affected by the reduction in our activities, including reductions in hatchery production.

Hatchery production provides fishing opportunities for both treaty Indian fishers and state fishers, but it is also a substantial component of the WDFW budget. Hatchery production and associated activities cost the Department approximately \$24 million per biennium in state funds. Although we understand the contribution of our hatchery programs to providing fishing opportunities, reductions in expenditures for our hatcheries will be required in order to maintain capacity for fish and wildlife population assessments, habitat protection and restoration, conservation planning, fishery management, enforcement, and other core agency functions.

Our general intent in developing the proposed plan for reductions in hatchery programs was to spread production reductions over multiple species and geographic regions. Considerations in identifying specific program reductions included:

- Have the tribes, state, or the Hatchery Scientific Review Group identified concerns about the risks a hatchery program may pose to wild salmon and steelhead populations?
- Do other Department, tribal, or federal hatchery facilities exist in the watershed or region that would help mitigate for the loss in production from a Department facility?
- What is the efficiency (pounds produced per staff) and effectiveness of the program (percent survival from release to adult)?

- Have adult returns to the hatchery exceeded broodstock requirements?
- What legal obligations (contracts, court orders) are associated with production from the hatchery?

Consistent with applicable court orders, including the Puget Sound Salmon Management Plan (*U.S. v. Washington* Docket No. 10180) and the Hood Canal Management Plan (*U.S. v. Washington* Docket No. 10273), we are providing the tribes with the proposed reductions in our hatchery programs consistent with the Governor's budget. Overall, we are proposing a 10% reduction in the pounds of salmon and steelhead produced in the Boldt Case area. The current production (WDFW, tribal, and federal) and proposed percent reduction in pounds of salmon and steelhead produced is summarized in the table below. Additional details by facility and species are provided in Attachment A.

Area	Current Pounds of Salmon and Steelhead Produced	Proposed Reduction	Comments GF – General Fund WL – Wildlife Fund
Puget Sound			
San Juans	13,541	0%	No GF or WL funding.
Nooksack-Samish	262,814	10%	
Skagit	92,923	0%	
Stillaguamish-Snohomish	333,911	8%	
South Puget Sound	1,049,014	13%	
Hood Canal	268,173	10%	
Strait of Juan de Fuca	225,328	3%	
Sub-total	2,245,704	10%	
North Washington Coast			
North Coast	77,323	0%	No GF or WL funding.
Quillayute	139,834	18%	
Hoh	8,300	0%	No GF or WL funding.
Quinault	298,087	0%	No GF or WL funding.
Grays Harbor	347,895	16%	
Sub-total	871,439	9%	
Case Area	3,117,143	10%	

We look forward to an initial discussion of this proposal at our meeting on February 4, and we are willing to engage in additional, detailed discussions at subsequent regional meetings.

I am sure you recognize the importance of concluding our discussions in a timely manner. As I discussed previously, program reductions must be in place by July 1, 2009, and the Department anticipates initiating formal reduction in force actions in late March or April. For these reasons,

it is essential that we conclude our discussions on hatchery production reductions no later than March 30, 2009.

We face an unprecedented budget shortfall in Washington State that has affected every state agency, including ours. Certainly it is not our preferred path, but we must take immediate steps to reduce our spending by July 1, 2009.

The Department and the tribes share a common interest in conserving our fish and wildlife resources and providing sustainable harvest opportunities. I look forward to discussing our budget status with you, finding solutions that preserve our core functions in this difficult time, and resolving our unprecedented budget shortfall.

Sincerely,



Philip Anderson
Interim Director

cc: Billy Frank, NWIFC
Bob Everitt, Region 4 Director
Annette Hoffmann, Region 4 Fish Program Manager
Michele Culver, Region 6 Director
Kirt Hughes, Region 6 Fish Program Manager
Jim Scott, Assistant Director, Fish Program
Lisa Veneroso, Intergovernmental Resource Management
Fronda Woods, Office of the Attorney General



State of Washington
DEPARTMENT OF FISH AND WILDLIFE

Mailing Address: 600 Capitol Way N • Olympia, WA 98501-1091 • (360) 902-2200, TDD (360) 902-2207
Main Office Location: Natural Resources Building • 1111 Washington Street SE • Olympia, WA

August 17, 2011

Steve Allison
Hoh Tribe
Post Office Box 2196
Forks, Washington 98331

Dear Mr. Allison:

As you know, the financial challenges the state has faced during this past biennium have been unprecedented. The reductions Washington Department of Fish and Wildlife (Department) incurred as we entered the 2009-2011 biennium were staggering; the final operating budget reduction for the Department totaled approximately \$39 million and identified up to seven hatchery closures (five trout and two salmon). A number of strategies, including public-private partnerships, sharing of staff resources, expanded collaboration and anticipated new revenue from new license fee programs contributed to our ability to maintain the operation of six of the originally identified seven facilities.

When we met with the Puget Sound tribes this past winter we shared the financial outlook for the Department given Washington State's economic condition at that time. We also shared some of the strategies the Department was actively pursuing with the Legislature to lessen the seemingly catastrophic effects we foresaw with additional budget reductions. The final 2011-2013 biennium reflects an overall reduction in state general fund to the Department of about \$11.8 million. Although, the Legislature provided some relief through the passage of several revenue enhancing measures, the anticipated revenues are unable to offset all the general fund reductions we incurred, plus cover some of our increasing operational costs.

Hatchery production provides fishing opportunities for both treaty Indian fishers and state fishers, but it is also a substantial component of the Department budget. Hatchery production and associated activities cost the Department approximately \$20 million per biennium in state funds. Although we value the contribution of our hatchery programs to providing fishing opportunities, reductions in expenditures for our hatcheries will be required in order to maintain

Mr. Steve Allison
August 17, 2011
Page 2

capacity for fish and wildlife population assessments, habitat protection and restoration, conservation planning, fishery management, and other core agency functions.

Similar to our approach in 2009 for hatchery production reductions, we plan to spread production reductions over multiple species and geographic regions. Considerations in identifying specific program reductions included:

- Have the tribes, state, or the Hatchery Scientific Review Group identified concerns about the risks a hatchery program may pose to wild salmon and steelhead populations?
- Do other Department, tribal, or federal hatchery facilities exist in the watershed or region that would help mitigate for the loss in production from a Department facility?
- How would a change in production affect fisheries?
- What is the efficiency (pounds produced per staff) and effectiveness of the program (percent survival from release to adult)?
- Have adult returns to the hatchery exceeded broodstock requirements?
- What legal obligations (contracts, court orders) are associated with production from the hatchery?

Consistent with applicable court orders, including the Puget Sound Salmon Management Plan (*U.S. v Washington* Docket No. 10180) and the Hood Canal Management Plan (*U.S. v Washington* Docket No. 10273), we are providing the tribes with the proposed reductions in our hatchery programs consistent with our 2011-2013 operating budget. Overall, we are proposing about a 4.7 percent reduction in the pounds of salmon and steelhead produced in the Boldt Case area. The current production (Department, tribal, and federal) and proposed percent reduction in pounds of salmon and steelhead produced is summarized in the table below. Additional details by facility and species are provided in the enclosure.

Table 1. Summary of 2011 proposed production reductions.

Area	Current Pounds of Salmon and Steelhead Produced 2009	Proposed Reduction 2010	Actual Reduction 2010	Current Pounds of Salmon and Steelhead Produced 2011	Proposed Reduction 2012	Comments GF – General Fund WF – Wildlife Fund
Puget Sound						
San Juan	13,541	0%	0%	13,541	0%	No GF or WL funding
Nooksack-Samish	262,814	10%	10%	236,533	0%	
Skagit	92,923	0%	0%	92,923	12%	
Stillaguamish - Snohomish	333,911	8%	8%	307,198	0%	
Mid Puget Sound	368,740	11%	*6%	346,616	4%	
South Puget Sound	680,274	14%	14%	585,036	9%	
Hood Canal	268,173	10%	**0%	268,173	0%	
Strait of Juan de Fuca	225,328	3%	3%	218,568	0%	
Sub-total	2,245,704	10%	8%	2,068,588	3.6%	
North Washington Coast						
North Coast	77,323	0%	0%	77,323	0%	No GF or WL funding
Quillayute	139,834	18%	18%	114,664	3%	
Hoh	8,300	0%	0%	8,300	0%	No GF or WL funding
Quinault	298,087	0%	0%	298,087	0%	
Grays Harbor	347,895	16%	16%	292,232	19%	
Sub-total	871,439	9%	9%	790,606	7.5%	
Case Area	3,117,143	10%	8%	2,859,194	4.7%	

* 2010 Mid Puget Sound production reduction at Soos Creek not realized as MIT provided funding for the coho production
 ** 2010 Hood Canal production reduction not realized as PSVOA provided funding for McKernan Hatchery

Mr. Steve Allison
August 17, 2011
Page 4

The proposed reductions outlined on page 3 are based upon our current biennial budget. The near term revenue forecasts are expected to result in a bleaker outlook for the current biennium than originally anticipated when the 2011-2013 biennial budget was set. As a result, we believe it is highly likely the Department will suffer additional reductions in our general fund in the current biennium that may have additional repercussions on hatchery production and other Department activities.

We are prepared to discuss some of this at our upcoming state-tribal meetings. In addition, we are willing to engage in more detailed discussions as we prepare for further budget reductions. Please contact Jim Scott at (360) 902-2736 to schedule a time to discuss further.

The Department and the tribes share a common interest in conserving our fish and wildlife resources and providing sustainable harvest opportunities. We are committed to that end, but at no time has our economic future been so unstable. I look forward to our upcoming meetings so we can further discuss our budget status with you, consider solutions that may preserve our core functions in this difficult time, and explore options to resolving our unprecedented budget shortfall.

Sincerely,



Philip Anderson
Director

cc: John Mankowski, Office of the Governor
Chris Stanley, Office of Financial Management
Pat Pattillo
Jim Scott
Heather Bartlett
Ann Larson

Detailed summary of 2011 proposed salmon and steelhead reductions by facility.

Facility	Area	Species	Current program	Proposed Reduction number	Proposed Reduction pounds
Marblemount Hatchery	Skagit	Coho	380,000	190,000	11,176
Issaquah Hatchery	Mid-Puget Sound	Chinook	2,000,000	1,000,000	12,500
Coulter Creek Tumwater Falls	South Puget Sound	Chinook	3,800,000	2,800,000	35,000
Hupp Springs Hatchery	South Puget Sound	Chinook	700,000	700,000	15,675
Bogachiel Hatchery	Quillayute	Steelhead	200,000	20,000	3,333
Humtulsips Hatchery	Grays Harbor	Chinook and Coho	500,000 and 970,000, respectively	500,000 and 730,000, respectively	55,810



State of Washington
Department of Fish and Wildlife

Mailing Address: 600 Capitol Way N, Olympia WA 98501-1091, (360) 902-2200, TDD (360) 902-2207
Main Office Location: Natural Resources Building, 1111 Washington Street SE, Olympia WA

October 12, 2011

Mr. Ed Johnstone
Quinault Nation
P.O. Box 189
Taholah, WA 98587

Dear Mr. Johnstone:

As you know, the financial challenges the state continues to face are unprecedented. The last three years have been exceptionally difficult for the Washington Department of Fish and Wildlife (Department) as we have had to identify and implement budget reductions that total more than \$41 million in state funds. In responding to previous reductions to our General Fund State (GF-S) expenditures, the Department attempted to minimize impacts to our core conservation, commercial, and recreational activities. But the cutbacks have become so deep that impacting our critical activities is simply unavoidable. General Fund support to the Department has already been cut 37 percent, dropping from \$110 million in the 2007-09 biennium to \$69 million currently.

The September state revenue forecast was again disappointing and expectations are that November's forecast will continue a downward trend. The Governor has called for a special session of the Legislature on November 28 to take actions necessary to achieve another \$2 billion in GF-S reductions. This will be very important since the earlier in the biennium we implement reductions in services, the shallower the cuts will need to be. As part of her early efforts to identify state fund reduction options, the Governor gave the Department the assignment to produce 5 percent (\$3.45 million) and 10 percent (\$6.9 million) budget cut scenarios in our operating budget.

A review of our agency budget reveals that 96 percent of our GF-S use falls into four main areas: fish production, recovery and fisheries management (41 percent), enforcement (20 percent), and habitat conservation (21 percent), with the remaining 14 percent supporting executive policy, infrastructure and staff support functions. The Department's budget reduction package is focused on activities funded by GF-S revenues, and options for reduction(s) in this supplemental budget will negatively impact natural resource conservation as well as damage private business infrastructure that relies on our services and products. There are no good or easy choices left for how to reduce the state operating costs of the Department without compromising our ability to achieve our agency mission.

October 12, 2011
Page 2

After a great deal of deliberations, our reduction package includes proposed cuts that amount to a loss of about **\$6.9 million** in GF-S and about **36 FTEs** under the 10 percent reduction scenario (see enclosure).

It is very important to note that we are in the early stages of the state process to identify and implement budget reductions. The Governor's Office of Financial Management is currently reviewing the budget reduction packages submitted by all state agencies. The Governor's recommendations could differ substantially from the package submitted by the Department, and further changes are likely during the legislative process. Any legislative action on the budget would probably not go into effect until sometime early in 2012.

We recognize that the proposed budget reductions at the Department could have negative impacts to certain tribes. To ensure that the tribes have a good understanding of the proposals, we have held a number of regional meetings with the tribes and will be attending the Northwest Indian Fisheries Commission meeting on October 24. Please do not hesitate to call me or Deputy Director Joe Stohr if you have additional questions. We are committed to keeping you informed and will continue to provide you with updated information.

Sincerely,



Philip Anderson
Director

Enclosure

cc: Joe Stohr, Deputy Director
Department Assistant Directors
Michele Culver
Bob Everitt

Attachment. Fall 2011 budget reductions proposed by the WDFW.

- **Senior management reductions – \$1.76 million, 7 FTEs**
Up to seven senior management positions in Olympia headquarters and regional offices would be eliminated.

Impact: This would reduce key management and policy work in agency headquarters and in regional offices. Staff oversight would be reduced; customer service, agency responsiveness and coordination with tribes, local governments and partner agencies will decline.

- **Hatchery closures and reductions in fish production – \$1.25 million, 4.3 FTEs**

Reduced Hoodspout Hatchery production (Hood Canal) — This would reduce Hood Canal area chum salmon production by roughly 50 percent (a reduction of 12 million chum annually); reduce area fall Chinook production by 12 percent (a reduction of 800,000 Chinook annually), and eliminate pink salmon production (500,000 pink salmon produced every other year). The cut would negatively impact local personal income generated by chum and associated fisheries in the Hood Canal region, estimated at \$6 million per year. Total GF-S savings would be \$253,112.

Samish Hatchery (Skagit County) — The hatchery would be closed, reducing Department-produced Chinook in Puget Sound by about 20 percent. This would eliminate annual production of five million fall Chinook (90 percent of the Chinook produced in the Nooksack/Samish region). The closure would eliminate about \$1.46 million per year in local personal income generated from Bellingham Bay area commercial fisheries. Total GF-S savings would be \$267,400.

Nemah Hatchery (Willapa Bay) — The hatchery would be closed, eliminating production of three million fall Chinook and 300,000 chum salmon annually. This represents a loss of 43 percent of the Chinook production in the Willapa Bay region, as well as 38 percent of chum production. The closure will represent an economic loss to the region of nearly \$500,000 per year. Total GF-S savings would be \$727,300.

Impact: Twenty percent of Department's hatchery programs (18 hatcheries) are funded by GF-S dollars. These hatcheries produce fish for state recreational and commercial fisheries and for tribal harvest, as prescribed by court order pursuant to federal treaty rights. GF-S dollars also fund our salmon-recovery programs. Hatchery fish represent more than 75 percent of the salmon and steelhead caught in Puget Sound.

Our hatchery production generates personal income and jobs and contributes to state and local economies. Fifteen of our hatcheries (seven funded by the General Fund) have already seen fish-production cuts in recent years. In the past three years, Chinook and coho production has been reduced by millions and steelhead production has been cut in half in the Puget Sound region alone.

- **Closure of Grays Harbor commercial sturgeon and salmon fisheries – \$383,000, 2.0 FTEs**

The Department would eliminate fishery management activities, including abundance forecasting, planning, sampling and post-season harvest assessment.

Impact: This reduction would close all state commercial Chinook, coho and chum salmon and white sturgeon fisheries in Grays Harbor (current ex-vessel value approximately \$180,000 annually). This also reduces ability to evaluate salmon and steelhead recovery.

- **Reduced Puget Sound crab and shrimp management – \$280,000, 1.8 FTEs**
Management of the fisheries, including planning with tribal co-managers and in-season management such as setting regulations, assessing crab and shrimp populations and analyzing harvest share all would be reduced.

Impact: This reduction may result in delays in opening winter commercial and recreational crab fisheries, a more conservative harvest quota for shrimp, an inability to adjust crab quotas in-season to increase harvest opportunity, and less capacity to respond to public inquiries and communicate with fishers.

- **Reduced Puget Sound shellfish harvest management – \$257,000, 1.0 FTEs**
Reduce clam and oyster seeding on public beaches by 30 percent; reduce predator control, disease testing and intertidal clam and oyster assessment and management.

Impact: The recreational harvest of clams and oysters from public beaches would be reduced by over 20 percent in two to three years. There would be an increased risk of shellfish disease and predators spreading and jeopardizing native shellfish and the state's commercial shellfish industry.

- **Reduction in sea urchin & sea cucumber management – \$186,600, 1.1 FTEs**
Assessment of sea urchin and sea cucumber populations would be reduced, requiring more conservative management of those fisheries.

Impact: Sea cucumber and sea urchin fisheries would be less economically viable; harvest levels would drop by about 30 percent, and ex-vessel value (the price received by fishers) would decline by an estimated \$500,000 a year.

- **Reduced chum salmon protection – \$154,000, 1.1 FTEs**
Summer chum recovery efforts in Hood Canal and Grays River would be reduced, including monitoring of hatchery fish impacts on wild fish.

Impact: Decreased protection and recovery activities for summer chum will keep the Department from meeting Hatchery Scientific Review Group (HSRG) recommendations for ratios of hatchery and wild-spawning fish; hatchery fish will continue to present a genetic threat to native fish stocks in Hood Canal and Grays River.

- **Reduced habitat protection – \$1,004,000, 5.0 FTEs**
Hydraulic Project Approval (HPA) activities and Salmon Recovery Technical Assistance would be reduced.

Impact: Habitat loss is one of the primary causes of reduced salmon populations. This budget reduction will cause prevent or delay delivery of necessary expertise for effective salmon-recovery projects and to secure grants for many recovery projects (\$80 million secured in recent granting cycles). As a result, degradation of salmon habitat will accelerate. Hydraulic Project Approval (HPA) biologists review plans for thousands of projects each year and set conditions to avoid or minimize impacts to fish life. This budget reduction would result in a significant delay for HPA applicants. There will be less on-site review to tailor permit conditions to the specific needs of the site. Applicants will likely experience increased costs for their projects and fish protection would be reduced.

- **Elimination of ballast water monitoring – \$352,000, 2.0 FTEs**
Ballast water monitoring activities in Puget Sound and on the Columbia River would be eliminated.

Impact: This would eliminate ballast water inspections of arriving ships, increasing the risk that aquatic invasive species could be introduced into state waters. Some of these invasive species could create potentially catastrophic economic impacts if they spread into hydropower facilities, agricultural irrigation and other water-dependent systems. The Northwest Power and Conservation Council's Independent Economic Advisory Board estimates economic impacts to the Columbia River hydroelectric system from zebra/quagga mussels alone could range from \$250-\$300 million annually.

- **Elimination of Puget Sound toxic contaminant monitoring – \$713,000, 3.2 FTEs**
Puget Sound contaminant sampling would be eliminated.

Impact: This cut would completely eliminate the Department's ability to detect toxic contaminants in Puget Sound indicator species (English sole and Pacific herring), eliminating the Department's ability to guide recovery efforts in the Puget Sound Action Agenda.

- **Suspended wildlife damage compensation – \$300,000**
The Department would suspend payments to agricultural producers and associated evaluation for crop damage by deer and elk.

Impact: This would result in economic losses to agricultural producers and could reduce tolerance for deer and elk populations near agricultural communities.

- **Reduced Payments in lieu of property taxes (PILT) payments for WDFW lands – \$160,000**
PILT to local governments would be temporarily reduced.

Impact: The Department is required by statute to make payments to counties in lieu of property taxes on Department lands, if counties choose that method of payment. This reduction would require a temporary statutory amendment to reduce those payments 10 percent during the current biennium.

- **Reduced hatchery maintenance – \$41,600**
Hatchery maintenance activities would be reduced.

Impact: Department hatchery maintenance funding allows for only minimal repairs when systems fail. This reduction presents the risk of system failures and potential catastrophic loss of hatchery fish production for commercial and recreational fishing and compliance with tribal treaty agreements.

Summary of recently taken and newly proposed hatchery reductions in salmon and steelhead within the Boldt Case Area - October 2011

Area	Current Pounds of Salmon and Steelhead Produced 2009	Proposed Reduction 2010	Actual Reduction 2010	Species	Number	Pounds	Current Pounds of Salmon and Steelhead Produced in 2011	Proposed Reduction based upon letter to tribes 8/17/11	Species	Number	Pounds	Proposed Reduction Package to Governor	Species	Number	Pounds
Puget Sound															
San Juan	13,541	0%	0%				13,541	0%				0%			
Nooksack-Samish	262,814	10%	10%	Coho	305,000	17,941	236,533	0%				26%	chinook	5,000,000	62,500
				Steelhead		9,375									
Skagit	92,923	0%	0%				92,923	12%	coho	190,000	11,176	0%			
Stillaguamish-Snohomish	333,911	8%	8%	Steelhead	230,000	28,750	307,198	0%				0%			
Mid Puget Sound	368,740	11%	*6%	Steelhead	180,000	22,500	346,616	4%	chinook	1,000,000	12,500	0%			
South Puget Sound	680,274	14%	14%	Chinook	3,000,000	37,500	585,036	9%	chinook	3,500,000	50,675	0%			
				Coho		32,700									
				Steelhead		25,000									
Hood Canal	268,173	10%	**0%				268,173	0%				12%	chum	12,000,000	21,067
													chinook	800,000	10,000
													pink	500,000	1,111
Strait of Juan de Fuca	225,328	3%	3%	Steelhead	45,000	6,760	218,568	0%				0%			
Sub-total	2,245,704	10%	8%		4,579,000	180,526	2,068,588	3.6%		4,690,000	74,351	4.5%		18,300,000	94,678
North Washington Coast															
North Coast	77,323	0%	0%				77,323	0%				0%			
Quillayute	139,834	18%	18%	Chinook	30,000	3,750	114,664	3%	steelhead	20,000	3,333	0%			
				Coho		20,588									
				Steelhead		1,250									
Hoh	8,300	0%	0%				8,300	0%				0%			
Quinault	298,087	0%	0%				298,087	0%				0%			
Grays Harbor	347,895	16%	16%	Coho	775,000	55,245	292,232	19%	chinook	500,000	6,250	0%			
									coho	730,000	49,560				
Sub-total	871,439	9%	9%		1,165,000	80,833	790,606	7.5%		1,250,000	59,143	0%		0	0
Case Area	3,117,143	10%	8%		5,744,000	261,359	2,859,194	4.7%		5,940,000	133,494	3.3%		18,300,000	94,678

* 2010 Mid Puget Sound production at Soos Creek not realized as MIT provided funding for the coho production
 **2010 Hood Canal production reduction not realized as PSVOA provided funding for McKernan Hatchery

Lakewood, Chambers, and Garrison for Minter and Voights Zeros

	Funding Source	Budget	Production Change	Number Produced	Years in Data Set (BY 2000-2005)	Survival	Contribution Rate to All Washington Sport Fisheries	Contribution Rate to Washington Blackmouth Fisheries	Number of Fish Caught in Washington Sport Fisheries	Number of Fish Caught in Washington Blackmouth Fisheries	Cost per Fish Caught in Washington Sport Fisheries	Cost per Fish Caught in Washington Blackmouth Fisheries
Icy Creek Yearlings	PSRFE	\$88,000		300,000	02-05	0.006	0.00144	0.00049	432	147	\$204	\$597
Marblemount Sub-Yearlings				0	00-05	0.005	0.00073	0.00015	0	0	\$0	\$0
Marblemount Yearlings				150,000	00-05	0.004	0.00046	0.00017	69	26	\$0	\$0
Wallace Yearlings	PSRFE	\$215,500	250,000	500,000	02-05	0.016	0.00183	0.00098	917	490	\$235	\$440
Wallace Zeros				1,000,000	00-05	0.003	0.00015	0.00010	152	100	\$0	\$0
Soos Creek Zeros	PSRFE	\$235,750		3,200,000	00-04	0.004	0.00033	0.00003	1,065	111	\$221	\$2,119
Chambers/Garrison Zeros	PSRFE	\$0	(1,350,000)	0	02-04	0.005	0.00103	0.00025	0	0	\$0	\$0
Chambers Spring Jumbos	PSRFE	\$0	(100,000)	0	03-05	0.005	0.00130	0.00027	0	0	\$0	\$0
Chambers Fall Jumbos	PSRFE	\$0	(100,000)	0	03-05	0.007	0.00197	0.00047	0	0	\$0	\$0
Lakewood Yearlings	PSRFE	\$0	(130,000)	0	03-05	0.003	0.00152	0.00033	0	0	\$0	\$0
Hoodsport Yearlings	PSRFE	\$88,750		120,000	02-05	0.008	0.00250	0.00076	300	91	\$296	\$977
Minter Creek/Gorst Creek Zeros	PSRFE	\$33,000		1,000,000	01-03	0.004	0.00032	0.00005	318	52	\$104	\$630
Minter Creek Yearlings	PSRFE	\$26,000		120,000	00-05	0.005	0.00314	0.00196	377	235	\$69	\$111
Minter Creek Zeros	PSRFE	\$55,125	1,400,000	1,400,000	00-05	0.002	0.00035	0.00008	483	109	\$114	\$504
Voight Creek Zeros	PSRFE	\$50,000	1,200,000	1,200,000	02-05	0.005	0.00098	0.00020	1,179	234	\$42	\$214
White River Spring Zeros				340,000	00-05	0.002	0.00015	0.00009	51	30	\$0	\$0
White River Spring Yearlings				55,000	00-05	0.007	0.00087	0.00055	48	30	\$0	\$0
Hupp Springs Zeros	PSRFE	\$ 25,000	400,000	660,000	03-05	0.006	0.00030	0.00022	197	146	\$127	\$171
Hupp Springs Yearlings				75,000	00-05	0.001	0.00010	0.00005	7	4	\$0	\$0
Totals or Average												
PSRFEF Total Proposed		\$817,125		8,500,000					5,269	1,617	\$181	\$590
PSRFEF Total Baseline		\$954,500		6,670,000					4,870	1,333	\$196	\$716
Change		-\$137,375		1,830,000					399	284	-\$15	-\$126