

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: XF Close Samish Salmon Hatchery
Budget Period: 2011-13
Budget Level: PL - Performance Level

Recommendation Summary Text:

This secondary 5% GF-S reduction option results in the closure of the Samish Hatchery and will result in the elimination of all fall Chinook production in the Nooksack/Samish region. The tribal and state commercial fall Chinook fisheries that occur in this region as a result of this production will essentially be eliminated. Contemporary economic analysis indicates this production provides \$1,460,500 annual economic value as measured in personal income.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		(267,372)	(267,372)
Total Cost		(267,372)	(267,372)
 Staffing	 <u>FY 2012</u>	 <u>FY 2013</u>	 <u>Annual Average</u>
FTEs	.0	-2.6	-1.3

Package Description:

This secondary 5% reduction option will close the Samish Salmon Hatchery, located just north of Burlington and northwest of Sedro Woolley, in Skagit County. This option reduces WDFW Chinook production in Puget Sound by 20% through the elimination of annual production of 4,500,000 fall Chinook at the Samish Hatchery, and an additional 500,000 fall Chinook transferred to the Lummi Nation. Fisheries negatively affected by the elimination of this production include the commercial salmon fisheries that occur in the Bellingham Bay area for Indian and non-Indian fishers, as well as recreational salmon fisheries in the Strait of Juan de Fuca, San Juan Islands, and more generally the northern area of Puget Sound.

Elimination of this salmon production will need to be negotiated with the Lummi Nation.

Economic pressures in Washington continue, reducing the revenue the state receives to fund state services. Projected General Fund-State revenues upon which the 2011-13 state budget was developed are not likely to meet expectations. In response, the Governor has requested a 5% -10% reduction in 2011-13 General Fund State budgets.

Hatchery fish represent over 75% of the fish caught in Washington fisheries, but hatchery production is a substantial component of the Department budget.

Hatchery production provides fishing opportunities for both treaty Indian fishers and state fishers. Although we value the contribution of Washington's hatchery programs to providing fishing opportunities, reductions in expenditures for our hatcheries will be required in order to maintain capacity of fish and wildlife population assessments, habitat protection and restoration, conservation planning,

fishery management, and other core agency functions.

Salmon production reductions outlined above will save \$225,000 GF-S in FY 2013. The closure of the Samish Hatchery will result in elimination of hatchery fall Chinook to the Nooksack/Samish region. The production currently contributes approximately 15,000 to 20,000 Chinook to Washington treaty and non-treaty fisheries. The tribal and state commercial fall Chinook fisheries that occur in the Bellingham Bay area will be essentially eliminated. Contemporary economic analysis indicates this production provides \$1,460,500 annual economic value as measured in personal income.

The majority of salmon production at WDFW operated hatcheries is linked to federal court-orders with treaty Indian tribes. Production reductions in the geographic areas served by court-orders require negotiations with the individual tribes. The production reductions identified above will need to be specifically negotiated with the Lummi Nation.

Salmon production at WDFW operated hatcheries also support recreational and commercial fishing opportunities throughout the state. Recreational and commercial fisheries contribute significant revenue to local and rural businesses, as well as to WDFW through license sales. Businesses that rely on these fisheries, in turn, also contribute to revenue for the state of Washington.

Implementation Schedule:

- (1) Fish production reductions will be coordinated and negotiated with the Lummi Nation; and
- (2) Steps and process to close the Samish Hatchery and eliminate the fall Chinook production at the hatchery will be outlined for full implementation effective July 1, 2012.

Name and Phone Number of Subject Matter Expert:
Heather Bartlett, Hatcheries Division Manager (360) 902-2662.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The reduction will decrease the number of hatchery salmon available for harvest in fisheries that occur in the Strait of Juan de Fuca, in the San Juan Islands and waters north to the United States-Canada border.

This hatchery closure:

- Eliminates all fall Chinook production in the Nooksack/Samish region;
- Eliminates contribution of approximately 15,000 - 20,000 fall Chinook to Washington Indian and non-Indian fisheries;
- Eliminates a viable Indian and non Indian commercial fall Chinook fishery in Bellingham Bay;
- Eliminates about \$1,460,500 economic activity as measured in personal income that is generated from the Bellingham Bay area fishery; and
- Results in a mean loss of WDFW Chinook production in Puget Sound of 20%.

A loss of 20% of the overall WDFW Chinook production in Puget Sound will negatively affect all Chinook fisheries that occur within Puget Sound.

Performance Measure Detail

Activity: A041 Fish Production for Sustainable Fisheries

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This reduction option will reduce the Department's ability to support two of the agency's goals contained in the WDFW 2011-2017

Strategic Plan:

Goal #1: Conserve and protect native fish and wildlife; and

Goal #2: Provide sustainable fishing, hunting and other wildlife-related recreational experiences.

Does this decision package provide essential support to one of the Governor's priorities?

No.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This cut decreases the Department's contribution towards the Natural Resource/Recreation strategy included in the Priorities of Government (Transforming Washington's Budget):

- Achieve sustainable use of public natural resources.
- Provide stewardship of cultural and recreational assets.
- Ensure quality cultural and recreational experiences.

What are the other important connections or impacts related to this proposal?

Reductions in salmon production diminish the economic benefits the state of Washington derives from fisheries, as well as reduces the overall recreational, social, and cultural values for the citizens of the state now and into the future.

What alternatives were explored by the agency, and why was this alternative chosen?

The reduction to hatchery production was based on the following considerations:

- 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?
- What existing production will maintain mass marking to allow for continued fisheries and fishing opportunities? and
 - What reductions in expenditures for our hatcheries will be required in order to maintain capacity for other agency mandates such as preserving and protecting the state's natural resources?

While the Department can no longer preserve its core functions without relief from the current economic and funding limitations, the recommendations seek to minimize impacts to its core, while at the same time emphasizing our conservation mission for the salmon resource. Although these reductions reduce the Department's ability to meet fish production objectives, the core conservation mission is maintained.

What are the consequences of not funding this package?

Fish production at Washington's hatcheries provide the fisheries that people depend upon for jobs (commercial fishing and related industries), to meet federal court orders, to support local economies (tourism, lodging, wholesale/retail businesses, i.e. restaurants, recreational equipment, boats, license revenues), to provide family recreational opportunities and to protect Washington's fishing cultural heritage. Hatchery practices and infrastructure to produce these fish have been undergoing change to optimize protection of native fish.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Samish Salmon Hatchery Closure =
(4,500,000) fall Chinook salmon reduction per year

Fish Hatchery Technician - 0.65 FTE
Salary = \$19,400
Benefits = \$11,300

Fish Hatchery Specialist 3 - 1.00 FTE
Salary = \$38,800
Benefits = \$16,200

Fish Hatchery Specialist 3 - 1.00 FTE
Salary = \$45,800
Benefits = \$17,500

Goods and Services
Personnel Support = \$ 14,575
DOP Charges = \$545
Fish Food Costs = \$57,500
Mass Marking Costs = \$3,380

Samish Hatchery Total: \$225,000

\$42,372 of this package represents the infrastructure and support costs associated with this program reduction. Recent administrative cuts have been deeper than program cuts, and administrative services reflect skeletal staffing levels. Future administrative cuts will therefore be proportionate to program reductions, and administrative functions will generally comply with state and federal laws. This reduction is included in Object E.

FY 2013 budget savings: \$267,372 (\$221,620 GF-S operational costs and \$3,380 mass marking costs, \$42,372 infrastructure and support costs).

Samish Salmon Hatchery is also partially funded with U.S. Fish and Wildlife Service Federal Aid in Sport Fish Restoration Act funding also known as Dingell-Johnson (DJ) funds at \$22,000 per year. This funding will be reprogrammed to another hatchery facility and an equal amount of GF-S will be removed.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Given the economic losses associated with this package, the Department prefers this reduction to be one-time and not impact future biennia.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages		(104,000)	(104,000)
B Employee Benefits		(45,000)	(45,000)
E Goods And Services		(118,372)	(118,372)
Total Objects		(267,372)	(267,372)