

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

Recommendation Summary Text:

This secondary 5% reduction option will close the Nemah Salmon Hatchery in the Willapa Bay in southwest Washington. Closure of this facility will result in the elimination of 3,000,000 fall Chinook salmon and 300,000 chum salmon, annually. This represents a forty-three percent (43%) reduction in fall Chinook production and a thirty-eight percent (38%) reduction in chum production in Willapa Bay.

Fisheries that will be negatively affected by the elimination of this production specifically include the state commercial and recreational fisheries within Willapa Bay and more generally, the greater Washington coastal fisheries. The estimated economic effect to the Willapa Bay region could be a loss in local personal income in the commercial fisheries at \$208,000 per year. There will be an impact on the recreational salmon fisheries in this area as well.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(363,626)	(363,626)	(727,252)
Total Cost	(363,626)	(363,626)	(727,252)
Staffing	<u>FY 2012</u>	<u>FY 2013</u>	<u>Annual Average</u>
FTEs	-2.0	-2.0	-2.0

Package Description:

The Nemah Salmon Hatchery annually produces 3,000,000 fall Chinook Salmon and 300,000 chum Salmon.

This salmon production provides state commercial and recreational fisheries within Willapa Bay and more generally, the greater Washington coastal fisheries.

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 biennial 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.

In this request, the Department will close the Nemah Salmon Hatchery in the Willapa Bay area of southwest Washington, thereby eliminating 3,000,000 fall Chinook salmon and 300,000 chum salmon, annually. This represents a forty-three percent (43%) reduction in

fall Chinook production and a thirty-eight percent (38%) reduction in chum production in Willapa Bay.

Fisheries that will be negatively affected by the elimination of this production specifically include the state commercial and recreational fisheries within Willapa Bay and more generally, the greater Washington coastal fisheries. The specific economic effect to the Willapa Bay region could be a loss in local personal income of an estimated \$208,000 per year.

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 is still to be determined. Process will be to outline and implement steps necessary to close the hatchery, including staffing reductions and elimination of production in order to meet the general fund reduction.

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?

This hatchery closure and the associated salmon production reductions result in the elimination of 3,000,000 fall Chinook salmon and 300,000 chum salmon, annually. This represents a 43% reduction in fall Chinook production and a 38% reduction in chum production in Willapa Bay.

Closure of this hatchery and the related production elimination will impact western Washington and coastal fisheries.

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 cut will reduce the Department's ability to support two 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 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 "protecting natural resources and cultural and recreational opportunities in Washington state" in the Priorities of Government (Transforming Washington's Budget):

- Encourage sustainable use of public natural resources.
- Provide stewardship of cultural and recreational assets.
- Maintain quality cultural and recreational opportunities.

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?
- 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

Nemah Hatchery Closure =
(3,000,000) fall Chinook salmon reduction per year
(300,000) chum salmon reduction per year

Fish Hatchery Specialist 4
Salary = \$57,091/yr
Benefits = \$18,740/yr

Fish Hatchery Specialist 2
Salary = \$47,314/yr
Benefits = \$16,586/yr

Goods and Services
 Personnel Support = \$11,000/yr
 DOP Charges = \$1,130/yr
 Fish Food Costs = \$45,613/yr
 Other Supports & Materials = \$42,526/yr
 Mass Marking costs = \$66,000/yr

Nemah Hatchery Total: \$612,000 per biennium

\$115,252 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.

Biennial budget savings: \$727,252 (\$480,000 GF-S operational costs and \$132,000 mass marking costs, \$115,252 infrastructure and support costs).

Nemah 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 \$59,820 biennially. We would reprogram this funding to another hatchery facility and remove an equal amount of GF-S.

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 agency 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	(104,405)	(104,406)	(208,811)
B Employee Benefits	(35,326)	(35,325)	(70,651)
E Goods And Services	(223,895)	(223,895)	(447,790)
Total Objects	(363,626)	(363,626)	(727,252)