



Director's Report to the Commission

September 8-9, 2017

Director's Office

Update on 2017-19 Operating Budget

The Washington Department of Fish and Wildlife (Department) entered the 2017-19 biennium with an over \$15 million gap between projected revenue from fishing and hunting licenses and the corresponding spending authority provided by the Legislature in the operating budget. The gap was caused by a variety of inflationary factors; the largest cost increases were related to cost-of-living adjustments approved by the Legislature for all state employees.

Additionally, key federal grants have not kept up with inflation, and growing federal Endangered Species Act permit requirements to maintain existing fisheries and hatchery operations require more resources. These non-discretionary cost increases must be covered to maintain fisheries and hatchery production at the current level. The shortfall in the agency's ability to maintain current service levels in light of these cost increases added another \$12 million to the problem statement.

In response, the Legislature provided \$10.1 million in one-time funding from general tax dollars to help close the gap. Furthermore, the Legislature directed the agency to conduct an organization assessment to identify administrative efficiencies, and directed the Department to submit a budget assessment to the Legislature to inform the Department's next two-year budget request. During the current two-year budget cycle the Department was essentially directed to continue current services with the GF-S provided while avoiding cuts to hatcheries and minimizing reductions to hunting and fishing opportunities.

The Department took the following budget savings measures:

- Accepted additional risk by reducing the amount of budget reserves state agencies are generally required to maintain; (\$3.5 million)
- Developed and applied a vacancy rate assumption across all programs, and deferral of equipment purchases for the remainder of the biennium; (\$4.5 million)
- Ensured each of the Department's nearly 50 separate fund sources are paying their fair share of administrative costs; (\$1.2 million); and
- Shifted expenditure authority not backed by revenue to other account balances consistent with their allowable legal uses; (~\$2 million).

The Department's Executive Management Team also identified a number of management staffing cuts, reduced capacity to respond to emerging issues, and identified deliberate delays of service in order to balance the budget.

2017-19 Proviso Implementation Update

For the 2017-19 biennium, lawmakers directed the Department to "...evaluate and implement efficiencies to the agency's operations and management practices" and "...develop a plan for balancing projected revenue and expenditures and improving the efficiency and effectiveness of the agency operations..." Finally, the Legislature directed the Department, in cooperation with the Office of Financial Management, to conduct a zero-based budget review of its operating budget to submit with the Department's 2019-21 biennial budget submittal.

The Department issued a Request for Proposals (RFP) to identify a vendor to review the Department's budget and to conduct the organization and management review. The RFP concluded on August 25, 2017, and a panel scored the proposals. An Apparent Successful Vendor will likely be identified in mid-September along with a formal kick-off meeting. While the proviso calls for this assessment to be completed by May 1, 2018, the Department advanced the deadline to January 2018 so that it could begin to implement findings and use it to help build the long-term plan and 2019-21 budget submittals. The executive sponsor for this part of the proviso is Deputy Director Joe Stohr.

The Department issued a second RFP on September 1, 2017, to contract a facilitator to assist in writing an outreach plan, and to convene a new Policy and Budget Advisory Group to help the Department develop a long-term revenue plan. In partnership with the advisory group and the Department, the Contractor will provide the Department revenue options for a long-term plan to stabilize the Department's funding, including developing politically-viable options to amend existing fees, developing options for new revenue for hunting and fishing, and developing options for new revenue for conservation. For the options proposed, the Contractor, in concert with the Department, will assess impacts on: achieving financial stability; the public; fishing opportunities; hunting opportunities; and on timeliness and ability to achieve the intended outcomes. Finally, the Contractor will work with the Department to develop outreach material that conveys the Department's complicated budget information in a manner that is understandable by the general public and provides interested stakeholders additional details regarding current revenue investments and the rationale for any new revenue proposals to fill unfunded mandates or gaps. The executive sponsor for this part of the proviso is Policy Director Nate Pamplin.

The Department has initiated researching methodologies for a zero-based budget review. Staff are developing a mock-up of a hierarchy of agency activities and to prepare a mock-up of the final product to review with the Executive Management Team. The Association of Fish and Wildlife Agencies' Management Assistance Team will also be contacted for templates used by other state agencies to characterize major activity areas and work plans. The executive sponsors for this part of the proviso are

Assistant Directors David Giglio (Technology and Financial Management) and Jeff Davis (Habitat Program).

Fish Program

Atlantic Salmon Net Pen Collapse

On August 19, 2017, a large number of Atlantic salmon escaped into Puget Sound when one or more commercial net pens collapsed at a fish farm at Cypress Island, located across Rosario Strait from the San Juan Islands. Cooke Aquaculture, the net pen operator, informed the Department that the collapsed pen held 305,000 Atlantic salmon. The company initially believed 4,000 to 5,000 fish escaped, but initial estimates proved inaccurate.

Initial responses by Cooke Aquaculture, Puget Sound area tribes, and several state agencies that regulate and oversee aquaculture operations focused on preventing further fish escapes and recovering as many of the escaped salmon as possible.

On Friday, August 25, Governor Inslee directed the Washington Department of Ecology (DOE) to put on hold any new or pending permits for net pen aquaculture locations until an investigation into the incident on Cypress Island has been completed. The three agencies with regulatory authority over net pen operations – the Department, DOE and the Washington Department of Natural Resources (DNR) – established an incident command in Anacortes to efficiently coordinate their response.

On August 28, the U.S. Coast Guard and the Department, in consultation with tribes, established a 100-yard safety zone near the collapsed net pens to keep fishers and divers from coming too close to the wreckage.

By September 4, Cooke reported it had recovered 145,101 fish from the site. Additionally, local media reported that the Lummi Nation had caught about 20,000 escaped salmon.

The Department has established a website for anglers to record their catches. Recreational anglers self-reported catching about 1,660 escaped salmon by the morning of September 5. The public can see where Atlantic salmon are being caught at this webpage: http://wdfw.wa.gov/fishing/salmon/atlantic_catch_map.php.

There is no evidence that escaped Atlantic salmon are able to establish themselves in the Pacific Northwest. Historically, even intentional efforts to introduce and establish Atlantic salmon outside the Atlantic Ocean have failed.

This is not the first time a large number of Atlantic salmon have spilled into Washington waters; large escapes also occurred in 1996, 1997, and 1999.

Douglas County Public Utility District (PUD) Notice to Terminate Contract

The Department received a letter on August 29, 2017, describing the Douglas PUD's interest in terminating the current contract with the Department for operation of Wells Hatchery, Methow Hatchery, Twisp Weir, and Twisp Acclimation Pond. The notice indicates their intent to operate those four facilities with Douglas PUD staff after the contract is terminated in 90 days, approximately November 29, 2017.

The Department is neither supportive of or opposed to the proposal by Douglas PUD to take over operations of any or all of those four facilities at this time. We simply lack the information necessary to determine whether this will be a benefit to the resource, to the citizens, to tribes, or to our other regional partners. We are willing to develop answers to these questions and to address the concerns that have led the PUD to take this action, and arrive at an agreement on a path forward. We have significant concerns based on our transfer of other hatchery operations to another entity that this cannot be accomplished in the next 90 days, to address both the permitting needs of the transferee as well as coordinating the logistics of a transfer sufficiently so that all parties can ensure that fishery resources will not be harmed.

During the Director's Report, staff will brief the Commission on the current status of the situation, and the results of discussions with Douglas PUD and other partners that have occurred since August 29.

Technology & Financial Management

Hands-On Fishing Event

The Licensing Division and Fish Program put together a hands-on fishing event on Saturday, August 19, in partnership with Joint Base Lewis-McChord's Morale, Welfare and Recreation Program at Point Defiance Marina in Tacoma, Washington.

Approximately 30 soldiers and their families met at Point Defiance Marina for instruction on how to fish from a pier or shoreline, especially in regards to fishing for salmon. The instruction portion went over subjects such as knot tying, rules/regulations, bait and gear, and various techniques. The Department's Fish Program even provided two frozen salmon to help with fish identification. Everyone was incredibly excited because some fish had already been caught that morning, including some large salmon. There were even sightings of pinks out from the pier.

After the instruction portion, soldiers and their families were able to try out what they had learned, fishing for several hours at the Marina's piers. Point Defiance Marina generously accommodated the group with an instruction room and blocked off parts of their pier so everyone could have enough space. Joint Base Lewis-McChord, Point Defiance Marina, and Department staff provided hands-on instruction to the soldiers and their families as they fished, trying various techniques, lures, and bait as well as

discussing upcoming fishing opportunities. Many families enjoyed themselves so much that they stayed far past the end time. Many purchasing gear to try crabbing off of the pier. One man even caught his first fish ever!



Participants were given a short survey to see if they had purchased a license before the event, if they enjoyed the event, if they would participate again, and what else they would like us to provide. This survey had similar results to what was seen at the last event. Most at the event had purchased their first license for this event and said they would want to fish again. They also made a point to mention on the survey how helpful this information was, that the staff were very helpful, and that they would like to see this partnership continue.

Staff are working to continue these events and to provide measurements for each outreach effort.

Wildlife Program

Scatter Creek Fire

The Department experiences wildfires on our lands every year, but it is not often that a fire in western Washington has impacts on a wildlife area like last month's Scatter Creek fire. The fire, which also destroyed private homes and businesses, burned across 345 acres of the southern portion of the Scatter Creek Wildlife Area. In terms of infrastructure, we lost an 1860s historic house used as staff offices, a barn, fences, and some equipment. Most concerning is the affected habitat, including prairie and oak woodland, that are home to three listed species, including the Taylor's checkerspot and mardon skipper butterflies and the Mazama pocket gopher. Fortunately, most of the habitat with the bulk of the checkerspot population was spared by the fire. It will take some time to know the impacts to the pocket gopher and mardon skipper populations, as the fire occurred during the skipper flight season and impacts of lost habitat on gophers is difficult to quantify just after a fire.

Unfortunately, in the wake of the fire, some members of the local community assumed that the fire was caused by prescribed burns on the wildlife area. While fire is essential to healthy prairie habitat, and we do conduct burns as part of our normal operations, the Department had not used prescribed fire at Scatter Creek this summer. While the source of the fire is still under investigation, we do know that it started on private land and was already raging at 100 meters wide by the time it got to Department lands.

There is a lot of restoration and recovery work to do. Staff started planning those efforts and scrambling to gather resources while firefighters were still putting out spot fires on

the site. It will take some time, but ultimately we hope that, in the long-run, this fire may help lead us on a path to even better habitat conditions on the site.

Answers to a couple potential questions:

- Due to safety concerns, it is not likely we will release pheasants on this part of the wildlife area this fall. Those birds will be redistributed to other release sites in the vicinity, including the northern portion of Scatter Creek which was not affected by the fire. (All the remaining cover is either adjacent to county roads or within forested areas.)
- The one remaining field trial of the year, scheduled in the burned area for this weekend, was accommodated by moving it to the northern part of the wildlife area.

Public safety has been a concern and the burned portion of the wildlife area has been closed until further notice. We will also implement a closure during the initial phases of restoration work when herbicides will be applied to prevent weed invasion. This closure, which will be after the first rains, is only likely to be in place for up to one day.

Blue Mountain Wildlife Area Planning

The Blue Mountain Wildlife Area Planning team had a great day and a half meeting from August 21-22 in Clarkston, where they took the opportunity to hold a mini-capacity building session on Adaptive Leadership and Conservation Conflict Transformation and put the new skills to use. It was an ideal group made up of Enforcement, Wildlife, Habitat, and Fish Program staff members from staff on-the-ground, Spokane, and Headquarters, including the Regional Director and Lands Division Manager. Over a third of the group had attended the five-day Conservation Conflict Transformation course, and others had no exposure at all. The group implemented the new skills and applied them to the issues at play on the Blue Mountains Wildlife Area complex, including in depth discussions about the status of our statewide Grazing Program review and application to the Blue Mountains. Kudos to Patricia Jatczak and Bob Dice (our planner and wildlife area manager, respectively) for their willingness to try something new, and especially to Melinda Posner, who did the bulk of the preparation work for presentations given by herself, Steve Pozzanghera, Kevin Robinette, and Cynthia Wilkerson. We look forward to these skills being employed in this and future wildlife area planning efforts, both in the internal and external components of that work.

Wolf Update

Smackout Pack

On July 20, the Department notified the public that nonlethal deterrence measures in the Smackout pack territory were not achieving the goal of reducing the potential for recurring depredations on livestock while continuing to promote wolf recovery. The public was also notified that the Department's Director had authorized incremental lethal removal of wolves to address recurrent depredations.

That approach consists of a period of active removal operations followed by an evaluation period to determine if those actions changed the pack's behavior. Between July 20 and July 30, the Department removed two wolves from the Smackout pack, then initiated an evaluation period July 31 to assess the effect of that action on the pack's behavior.

The Department has not documented any wolf depredations by the Smackout pack since the evaluation period started. The last known wolf depredation was July 22. The evaluation period is ongoing. When the cattle begin grazing on the non-fenced portion of the allotment, the Department will have more certainty in assessing if the goal of the protocol has been met. Per the protocol, the Department may consider initiating another incremental lethal removal period if a wolf depredation is documented during the evaluation period.

Sherman Pack

On August 25, the Department notified the public that non-lethal deterrence measures were not achieving that goal in the Sherman pack territory, and that the Director had authorized incremental lethal removal of wolves as another tool to address recurrent depredations. On August 28, Department officials also confirmed that one or more wolves from the Sherman Pack killed a calf on grazing lands in Ferry County, marking the fifth depredation on cattle by the pack since June 12, 2017. The depredation occurred within the Colville National Forest, in the same vicinity as the previous four depredations.

As a result of these events, the criteria in the Protocol for consideration and implementation of lethal removal have been reached for the Sherman pack. Director Unsworth authorized lethal removal of wolves from the pack, consistent with the Department's Wolf Conservation and Management Plan and the wolf-livestock interactions protocol.

The purpose of lethal removal is to influence and/or change wolf pack behavior to reduce the potential for recurrent wolf depredations on livestock while continuing to promote wolf recovery. Consistent with the terms of the protocol, the rationale for lethal removal in this case is as follows:

- 1. The Department has documented five wolf depredation events in the Sherman pack area in the last ten months.** All five of the depredation events were confirmed wolf. The five depredations occurred over approximately eleven weeks and were within two and a half miles of each other, AND
- 2. At least two (2) proactive deterrence measures and responsive deterrence measures have been implemented** and failed to meet the goal of influencing/changing pack behavior to reduce the potential for recurrent wolf depredations on livestock. The livestock producer that sustained the five wolf depredations implemented the following proactive deterrence measures: The producer's calves were born outside of occupied wolf range and were trucked into

the area for the summer grazing season. The producer rotates five Department contract range riders throughout their grazing allotments to increase the level of human presence around the cattle. The range riders started patrolling the area on May 9, before the cattle were turned out to check for carnivore activity and to proactively increase regular human presence. They have continued to patrol the area with cattle on a near-daily basis, and communicate frequently with the producer. In late July, three additional range riders began rotating shifts patrolling the surrounding grazing allotments. Any changes in cattle behavior or carnivore activity has been shared with the Department. The range riders monitor the activity of GPS collared wolves in the area. The producer, his family, and employees (a total of five) also work cattle throughout their allotments and noted wolf activity in the area. Department staff also considered other potential deterrence measures but didn't believe those would have an impact on wolf movements, activity patterns, or behavior. There are no known wolf dens or rendezvous sites in the area. AND

3. **The Department expects depredations to continue** (e.g., deterrence measures have not changed pack behavior, and overlap between wolves and livestock is expected to continue in the near future), AND
4. **The Department has documented the use of appropriate deterrence measures and notified the public** of wolf activities in a timely manner as outlined in the wolf-livestock protocol. The Department provided updates on June 16, July 14 and July 25 with information on all wolf depredations on livestock in the area, AND
5. **The lethal removal of wolves is not expected to harm the wolf population's ability to reach recovery objectives** statewide or within individual wolf recovery regions.

Per the Protocol, the Department's approach is incremental removal, which has periods of active removals or attempts to remove wolves, followed by periods of evaluation to see if the goal of changing pack behavior was met.

The Department will keep the public informed about this activity through weekly updates. The Department will provide a final report to the public on any lethal removal action after the operation has concluded.

Enforcement Program

Cross Border Operations

A three-year investigation resulted in convictions in August for the owner of a fish company that was under-reporting commercial harvests. In 2013, a Department Police Detective was notified that a totoaba and abalone smuggler from the U.S./Mexico border had placed numerous calls to a Washington State fish dealer while in federal custody. Totoaba is a large species of drum fish endemic to the Gulf of California. It is highly prized for its meat and swim bladder, however totoaba have become rare and are listed by the Convention for International Trade in Endangered Species.

Detective Willette began looking into the Washington fish buying business, Sea Native USA, and its owner and found several licensing, fish dealing, and shellfish health violations. A search warrant for Sea Native's financial records showed that the owner had purchased fish and shellfish from Washington tribal fishermen without reporting the harvests to state or tribal fisheries managers. Timely and accurate harvest reports are essential to fish and shellfish management, and are required by state law. Sea Native USA was also purchasing and handling bi-valve shellfish, but the company was not licensed or certified by the Department of Health, which can pose a significant risk to seafood consumers and the state's legitimate shellfish producers.

Department Police served a search warrant on Sea Native USA's business in 2014 and seized over 400 documents, including over 50 fish receiving tickets that had been completed but never turned into state or tribal fish and shellfish managers. In just a six-month period, Sea Native USA failed to report over 25,000 pounds of fish and shellfish. Additionally, the detective found that the owner had illegally used a tribal fisherman's identification card to falsify four fish receiving tickets so he could fraudulently obtain a federal seafood export certificate.

Department Police filed criminal charges against the company owner in King County and a jury trial commenced in July 2017. After three weeks of trial, the owner was found guilty of two felony charges – Unlawful Catch Accounting in the First Degree and Identity Theft in the Second Degree – and one gross misdemeanor charge related to Health Department rules. He is scheduled to be sentenced in October.

Long Range Ocean Patrol

Officers conducted a three-day emphasis patrol for salmon anglers onboard the 56-foot patrol boat *G.H. Corliss*. The patrol route extended from Westport to Neah Bay and back. Officers contacted over 70 vessels and over 200 anglers. Violations included fishing for salmon with barbed hooks, failure to record salmon, possession of closed season lingcod, possession of undersized lingcod, harvest of undersized Chinook salmon, harvest of wild coho salmon, and vessel safety violations.



Seafair

Boating safety is not only part of our mission, but the Department receives funds from our partners at State Parks to provide a public safety presence during boating events such as Seafair. Officers onboard the three Fish and Wildlife Police patrol vessels affected 43 arrests for boating under the influence, they made over a 1,000 public contacts, served three search warrants, and made one arrest for possession of cocaine.

Pot Gear Recovery Efforts

Officers continue to sweep Puget Sound for closed period crab pot gear. After the first 16 days of sweeps (as of August 24), the gear recovery program has generated the following results:

- Recovery and Processing of **667** Identifiable Recreational Pots
 - **340** pots have been claimed by their owners
 - **292** of these crabbers have been mailed Notification Cards
 - **533** of these crabbers have received phone calls
 - **191** of these crabbers have received both a phone call and a Notification Card
- Recovery and Processing of **415** Unidentifiable Crab Pots
 - About **282** of these have been stripped and taken to the local scrap yard
 - About **127** of the high quality pots have been stripped and saved for donation
 - **6** unidentified pots are on hold pending some additional investigation
 - **3,640** pounds of material has been taken to the local salvage yard
- Recovery and Processing of **81** Treaty Pots
 - Port Gamble S’Klallam = **16** recovered and **14** returned
 - Swinomish = **19** recovered and **15** returned
 - Tulalip = **10** recovered and **10** returned
 - Lummi = **15** recovered and **14** returned
 - Upper Skagit = **1** recovered and **0** returned
 - Suquamish = **15** recovered and **9** returned
 - Unid Treaty = **5** recovered and **0** returned
- Recovery and Processing of **12** State Commercial Pots
 - **8** of the **8** Commercial Crabbers who own these pots have been notified
 - **8** of these have been returned to their owners
- A Grand Total of **1,175** pots processed to date and a Grand Total of **410** pots have been returned to their owners
- These statistics do not include seven additional sweeps generating an additional **363** pots not yet logged into the data sheet.

Aquatic Invasive Species (AIS) Prevention



As a check-point, in 2016 the Department performed **2,180** inspections in **87** check station days. For 2017 to date, the Department has performed **7,015** inspections for **156** check station days. This doesn’t count the **558** vehicles that were towing vessels that needed to be stopped by Enforcement Officers for avoiding AIS check stations. A total of **7,573** boats have been inspected and there is still a month left in the “check station season.”

A recent news release by U.S. Secretary of the Interior Ryan Zinke announced initiatives to protect western ecosystems and

hydroelectric facilities from aquatic invasive species. In the news release the Columbia River Basin is specifically identified as a threatened ecosystem, and we anticipate increased focus and funding on AIS-related initiatives across the West.

Captain Eric Anderson has been nationally and internationally recognized as a leader in AIS detection, prevention, and decontamination policies and procedures. Recently he was asked to be a member of the Washington Invasive Species Council. According to many sources, including the Department of the Interior, a hydroelectric dam infested with invasive mussels may need to spend an additional \$500,000 annually (costs passed on to consumers and businesses) in extra maintenance to control the damage posed by these pests.

Promotions/New Appointments



On September 1, 2017, the Department welcomed newly appointed Chief Steve Bear to our ranks. Chief Bear comes to us from the state of Alaska where he served as the Colonel for the Alaska Wildlife Troopers. We look forward to Chief Bear's leadership and experience being put to work in order to be the premiere natural resource law enforcement entity in the nation.

Chief Steve Bear

Also as of September 1, 2017, the Law Enforcement Program promoted several employees. Lieutenants Anderson, Golden, Johnson, and Sergeant Jewell were all promoted to the rank of Captain. Officers Balazs, Pace, and Vincent were all promoted to the rank of Sergeant. Congratulations to all our successful candidates for promotions!



Captain Golden
Statewide Investigative Unit



Captain Phil Johnson
Fleet/Vessel/EMD



Captain Eric Anderson
AIS/Hunter Education



Captain Mike Jewell
Region 2



Sergeant Ken Balazs
Region 6



Sergeant Carlo Pace
Region 3



SgT. Shawnn Vincent
Region 4