

PUGET SOUND RECREATIONAL FISHERIES ENHANCEMENT OVERSIGHT
COMMITTEE MINUTES

December 15, 2010

MEETING CALLED BY	Clint Muns
TYPE OF MEETING	Special meeting of the PSRFE OC re: budget issues
FACILITATOR	Clint Muns
NOTE TAKER	Audio recording (the following is not exact verbiage from the recording)
ATTENDEES	Clint Muns, Steve Thiesfeld, Polly Fischer, Dave Croonquist, Dave Knudsen, Jim Jenkins,

Agenda Topics		
DISCUSSION	Clint Muns report on his personal meeting with LLTK	
	I addressed general nature of the budget realities for agency and state; shared criteria due to budget cuts: cost of the programs, contribution to recreational fisheries, and the HSRG implications; oversight committee's desire to have a full-time coordinator for efficiencies and flexibility in the program to improve enhancement of the recreational opportunities. I also touched on some of the secondary criteria as to whether it is a PSRFE core function; discussed the private-public partnership (LLTK was originally full public funded, moved into a combination of private/public funding, and are now fully private funded) and how that might play into decisions on secondary criteria; and that this could be an opportunity to be finding additional private funding as difficult as that may currently be. Ensured them that we took no pleasure whatsoever of recommending cuts to their program. I really stressed the importance of private citizens contacting the legislature regarding the lack of adequate funding for resource management in the state. I did let them know that I did not come to the meeting as a representative of the oversight committee, but as a member of the oversight committee wanting to help them understand. I did not go there to negotiate.	
CONCLUSIONS	General tone was that they understood better what the oversight committee was faced with and why we made the decisions that we did.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
N/A		

DISCUSSION	Legislative Special Session Effect on Agency	
	There was a special session held on Saturday to try to take some action on budget shortfalls. HB 3225, page 93, line 8 – appropriation for last fiscal year was \$34.4 million (line 9 changed this to \$30.6 million). This is down from our first fiscal year of nearly \$41million. The interesting part of this is that instead of a 6.7% reduction it is about a <u>11% reduction</u> in all expenditures to meet the revenue. As soon as they called a special session, the agency lost because then it was not going to be an across-the-board reduction like it was back in August. This idea about not funding natural resources and the value that this agency provides to the state; those messages are still not getting through to our legislative folks.	
	The question was asked what as far as funds go, what are the funds that go to support overhead? Is it the Wildlife account? The Wildlife account pays for some of the overhead – the Business Services, Enforcement, Director's Office – I actually have a breakdown of that as we talked a little bit about that at Chambers. And then, any money that comes into the agency from the outside which makes up about 50% of our budget (federal tax dollars, contracts with PUDs or other private folks), there is usually an overhead charge tacked on to those so that we can administer those contracts, all the purchasing, and everything that goes with them (fairly steep - about 25%, I believe). The General fund is about 25% of our budget, but we are only able to control about 50% the budget. Fifty percent are those private funds designated for certain projects that we have to complete because we have entered into a contract. So, of the 50% that we control, half of it is general, 25% overall. Those general fund dollars are what the agency is able to use for Wildlife funds – they have flexibility on how they spend that money.	
CONCLUSIONS	So the 3.78 million reduction that is shown there is an <u>11% reduction</u> from where we were. The agency is going to have to absorb this. I don't think they were prepared for quite this level. I haven't heard how we are going to	

	respond yet. The idea was that with 6.7 we didn't think we would have to send anybody down the road; I am not sure if we are still there. We are still reeling from this and we have to accomplish this reduction in the next six months.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
TBD	Legislature	

DISCUSSION	Merger Proposals by the Governor	
<p>I had hoped to have today an idea what the Governor's budget proposal is for the agency, but I can't make heads or tails of what I have seen; part of that is because the merger is not very clearly explained in her numbers.</p> <p>Go to page 3, we'll go over the schematic of phase 2 of the natural resource consolidation. At the top is the various commissions for recreation and conservation including the Fish and Wildlife Commission which is the 8th policy group for our agency, and then the various agencies that work under these plus the a bunch of other agencies like Agriculture, Ecology, Puget Sound Partnership, RCO, etc. in what they call cabinet positions. They report directly to the Governor. In her "after" scenario, she is leaving the Commissioner of the Public Lands and the Department of Natural Resources off by itself. I assume that it is still a commission for the agency. And, to the right she has created a new Department of Conservation and Recreation which merges Fish and Wildlife, State Parks, RCO, and DNR enforcement and heritage programs from DNR. Ecology picks up Columbia River Gorge, Pollution Liability Insurance Agency, and Reclaim the Water Program. Department of Agriculture would pick up the Conservation Commission, and Puget Sound Partnership would remain by itself. Interestingly, I have not heard a lot back about the proposal, but everyone seems to be concerned about the name already. Specifically, we had a meeting this morning with our Puget Sound commercial guys, and they are saying, "where the heck are we in this new Department of Conservation and Recreation?" What I do want to point out is that this is just the Governor's proposal, we've got a long legislative session ahead of us, I assume there is going to be a fair bit of lobbying on many different issues, there are a lot of questions that remain for example, "how does the Fish and Wildlife Commission fit into her picture?"</p> <p>Clint – this goes back to my earlier comment that this is not in press releases or other materials from the Governor. This is frustrating to see this considering that for the last two years we've gone through similar processes to look at whether this would be feasible, and basically it's been left undone because nobody thought it was practical to do this, and here we are again, being told this is what is going to happen. Maybe you are right, Steve, and this is a political process and if we can come to grips with what this means maybe we can address it. Steve – yeah, I think there's going to be a lot of gyrations and permutations to go before it is all said and done. – You guys all have your own views, and the voters have their views; but I think she has taken to heart what she heard in November -the voters want a smaller government.</p> <p>Steve – So just a little bit about the PSRFEF legislation. I know that Jim had wanted to talk about it. We do have a package of fee proposals in front of the legislature that are necessary for the agency just to maintain the current services given the cuts that are forthcoming. We need the recreational caucus behind us. And what we are hearing now is the split of that recreational support. We are disappointed to hear that it is fracturing already, and hoping that maybe some bottom-up discussion will help that recreational support back behind us before the fee increase. We do have one of the major recreational groups out there saying they are not going to support us right now. Clint stated that his understanding is that they want some assurance of increased opportunity to go along with the increased fees. Dave Knutzen indicated that he had not heard that they would not support the Department, but that folks would like to see license fees being more fair between the different sectors (commercial vs recreational). Increasing the fees on recreational licenses is a step in the right direction. We are not even talking about the benefits to the economy in the state. We should actually be charging more for a license, but fishers are cheap and balk at paying more. How do we get them to recognize the value in what they are getting for their money?</p>		

CONCLUSIONS	One of the messages that has to get out there is that the Commission has acknowledged the benefits of the recreational fleet (crab); the commercial fees are being proposed to increase (license fees, not landing). All proposed increase in fees are to keep the Department on life support. A main concern is where is that line that pushes the people to not buy a license? Take whatever opportunity you can to convey that fee increases are necessary. If we don't take the medicine, we die of the disease.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	PSRFE portion of License Fees	
Phil wanted me to communicate to the Committee that he does not want to tie the amount [of what goes to PSRFE] to the percentage of the license, it does not mean that we can't put more money into PSRE. In other words, he can take Wildlife funds and put it into our account. What he is asking is, if you take a percentage of the license fee, then there is no flexibility, but if we get the general license fee increase he thinks he can get some additional money from this new revenue and put into the PSRFEF program. He cannot promise anything now, but he recognizes that we cannot continue at this level given that expenses are going up.		
CONCLUSIONS	The group feels that this is a disappointing situation as it would be a 1-time fix, and that they want to look at a long-term fix on this and not be locked into a fixed income, but we would have a COLA. This does not allow for keeping up with inflation and rising costs.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Report this to Phil	Steve Thiesfeld	

DISCUSSION	Membership	
Some of the questionnaires have been received. Jim wants the first cut at the nominations and would like to provide his recommendations to Phil. Five of the existing members asked to continue, and we have 25 nominations. I sent out another more definitive questionnaire to some people so that we could better judge their capabilities to be on the committee.		
CONCLUSIONS	Believe it will be mid-January before we know who will be on the committee.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

DISCUSSION	Loss Of Committee Member	
Kevin has stated his desire to no longer be on the committee. Would we like to provide him some recognition for all the work and input he has provided the committee since its inception?		
CONCLUSIONS	It was suggested that the committee offer up support with a certificate and letter of recognition. However, due to finances, spending money on a plaque or other recognition at this time may not be appropriate.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Certificate and letter	Steve Thiesfeld	

DISCUSSION	Ling cod	
No discussion at this time.		
CONCLUSIONS	An in-depth report will be provided next meeting.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
	Jon Lee	

In looking at the paper just handed out, each project that we fund is on the left, and the amount of money that is necessary to continue on as we have been doing in the past. At the bottom of the second column we have a \$208,000 shortfall. Third and fourth columns are proposals from the oversight committee in October which basically had a full-time coordinator, recommendation of eliminating Rick's Pond, and recommendation of reducing Soos Creek by \$200,000 and reducing Glenwood Springs by \$100,000. Jim and I took this package to Phil. In regard to the full-time coordinator, Phil was not compelled by our arguments. His push-back was that he needs the kind of analysis that we need in PSRE for all of the hatchery programs, not just PSRE. He did not feel that he could commit a 12-month position just do that for PSRE. He asked us to go back to the drawing board on this. He was supportive of some level of reduction for Glenwood. He did not bat an eye at Soos Creek. Jim and I went back to the drawing board, and one of the problems that we have identified that many of you are already aware is that we lost our recreational manager, and we have outstanding some federal funds since we have not hired a position for use. What Jim, Jo, Craig, John, and I have talked about is, could we add an assistant for six months to help me? We could combine that with the six months of money that would be freed-up if I took on the federal responsibilities and then create a 12-month Puget Sound PSRE/ Recreational biologist in the Puget Sound Management Plan. This is a very dangerous move for me because I may agree to take on these federal responsibilities, and then we don't get approval for this biologist 3, I can guarantee that I won't be able to get those federal responsibilities off of my shoe. Under this scenario, I would stay on as the coordinator so we have that continuity and are not reinventing the wheel there. We would get six months for analyzing data, promoting recreational fisheries, as well as another six months to do all the things that have not been getting done for the last two or three years. I suspect this would include going out to the clubs, talking about recreational fishing to clarify the management responsibilities, interact with the tribes, etc. The only way we can do that is if I take on these other duties. This would be two months as a Natural Research Scientist and six months as a biologist 3 (six months funded by PSRE, and six months funded by the existing position that I am currently in). If we hire an assistant, then assignments would be provided such as the data gathering that has not been able to be completed due to an overflow of work responsibilities taking priorities over it. Whoever has this position will be spending a significant amount of time with North of Falcon, preparing for PSRFE meetings, obtaining meeting supplies, making the copies, etc.

The amount needed to fund a bio 3 for six months is about 1/3 of what we proposed for adding a 12-month position. So we would add about \$51,000 for the coordinator's budget. Given the current cuts that Phil thinks is coming, he was a bit reluctant about the innovative project pool that the PSRFE has set aside: \$43,000. He wants to trim it down.

For the Soos Creek reduction, the Oversight Committee identified that as a \$200,000 cut, but it was reduced to \$125,000 cut, then Jim started asking questions about what would that do at Soos, and would that cut be more appropriate at a place like Icy Creek, which is an independent, stand-alone facility? I responded that we can evaluate how that affects Soos, but suspect that the committee would not identify Icy Creek as a place to take a cut. If you said to them, it can't be Icy Creek, they would say, well, you're not paying. The next one you did identify for cuts was Chambers, so we're just trying to find some savings there. So after I suggested that the committee would probably be more comfortable with cuts at Chambers rather than Icy Creek, he has asked Heather, the Hatchery Division manager, to provide him an analysis of what a cut of \$125,000 would mean to production at Soos Creek, Icy Creek, and Chambers. Clint asked, that if we support these recommendations as a back and forth compromise, is there any indication that the agency considers any changes at Soos, Icy, or Chambers, we would have an opportunity for input on it? Steve stated he believed that would be the case. He also indicated that he tried to be clear, that the PSRFE would not support a cut at Icy because it was an active function of the program.

Clint stated, "we acknowledge that a key component of PSRFE is winter blackmouth. Even though we have agreed to changing production to zeroes, we keep that place holder there. When we figure out what is going on in Puget Sound, the Salish Sea, that we get an opportunity to go back to yearling production. I do not want that to slip under the radar. Unless there is some strongly compelling reason to hit Icy Creek, it contributes well, it is not an expensive program in the grand scheme of things, it is not

something we want to lose.”

Steve stated that Jim did point out that it was the Lakewood yearlings that were next on the list. We need to an analysis and come back with our recommendation. Jim Jenkins stated that the reason there is so much difference in the costs at Lakewood (expensive) vs. Garrison (cheap), is that Garrison only pays the labor, not toilet paper, light bulbs, fish food, anything else, whereas Lakewood purchases everything for every facility in the complex, light bulbs, gasoline, everything. The second thing about these facilities, is that it is Chambers that operates independently; not linked to the other ones in terms of money or production. If you were to change something at Garrison, it would not have much influence because you are just laying that person off, everything else would be there – you just have to find some kind of labor. If you were to affect Lakewood, you would wipe Garrison out. You would have fish there, but you would not have incubation, transport, no feeding, no toilet paper. Chambers operates independently, and it’s running about \$60,000 a year, isn’t it? That is for labor, fish food, and the 300,000 sub-yearlings that you have changed from 70,000 yearlings. That production would go away, and that person would go away, and that fish food would go away, and that toilet paper would go away. And, that wouldn’t affect the Garrison/Lakewood production which is interlocked. And, that boils down to the 140,000 yearling production, the 850 sub-yearling production, and the 200,000 June and September jumbo production. Garrison is run year-round, and is almost at capacity every month of the year. If I had to make the choice, it would be Chambers. The other piece I will throw in there is that this is the first year that we have raised sub-yearlings there, so this could be a great bang for the buck, but we don’t know that yet. Steve stated that in October, when we were discussing the criteria, we had Lakewood yearlings as one component, Chambers spring jumbos (taken at Chambers, incubated at Lakewood, reared at Garrison, and they’re trucked and released at Chambers).

It was voiced that there is some discomfort to reductions at any of these facilities, especially since Chambers actually could be one of our innovative opportunities. All the recommendations have been accepted, although modified.

Are we better off having six to eight months dedicated to PSRFE? Yes. It is believed that this would get us better access to our needs. Currently ten months of my time is general. If we do this, they will take that general fund and move it elsewhere, then it is believed that we can get the OFM approval for this.

The committee would like to have Phil see if he could come up with some funding for White River spring stocks rather than finding the funding from elsewhere to put into the PSRFE program. This would be a priority for us.

CONCLUSIONS	Dave made a motion to accept the proposal as presented by Steve, but delete lcy or Chambers for any cuts; any cuts would come from Soos. We’ll take the position for at least eight months. Accepted. No opposition.	
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Take to management	Steve Thiesfeld	January/February 2011

DISCUSSION	Legislative changes	
The changes we recommend were submitted. The original Legislation stated that we would not back-fill state revenue shortages with PSRFEF. The PSRFE had asked that we add federal or local shortfalls. OFM took that right out. It is believed they took it out, because they cannot control that. There were some slight changes to terminologies.		

CONCLUSIONS	This has gone forward, and the Governor is ok with it going forward as Legislation.	
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Provide copies to PSRFE	Steve Thiesfeld	

OBSERVERS	
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RESOURCE PERSONS	
SPECIAL NOTES	