

## REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Friday, November 13, 2015 with the following in attendance:

Members Present: Mr. Dave Ortmann, Chairman; Dr. Dave Hanson, Ms. Dorothy Lowman, Mr. Phil Anderson, Mr. Bob Turner, Ms. Michele Culver, and Mr. Dan Wolford

Members Absent: None

Non-members Present: Mr. Herb Pollard, Mr. Rich Lincoln, Ms. Heidi Taylor, Ms. Joanna Grebel, Ms. Marci Yaremko, Mr. Corey Niles, Mr. Gerry Richter, Dr. Donald McIsaac, Mr. Chuck Tracy, Mr. Donald Hansen, and Ms. Patricia Crouse.

After approving the meeting agenda, the BC received the Executive Director's budget report as summarized below.

### **Status of Calendar Year (CY) 2015 Operating Budget and Expenditures**

Dr. McIsaac reviewed the CY 2015 budget, income, and expenditures by major category as of September 30, 2015, including a current projection of expected year-end balances. Expenditures have proceeded close to budgeted expectations, with a projection indicates a positive balance at year's end of about 6% of the total budget.

### **Provisional CY 2016 Operating Budget**

Dr. McIsaac presented information to the BC covering the uncertainty around various funding categories for 2016 and the next two years. He noted that current FY 2016 marks in House and Senate appropriations documents for the Regional Fishery Management Councils and State Marine Commissions line items are both very close to the level adopted in FY 2015, which would indicate stability in this key base income source may be a reasonable assumption.

Even if the base income from FY 2016 replicates the FY 2015 level, Dr. McIsaac noted the importance of additional special project funding in completing projects that are above and beyond routine efforts associated with base funding. For example, in 2015 the Council received special project funding for the Council process considering electronic monitoring regulations for the groundfish trawl Individual Fishing Quota (IFQ) sectors in 2015-2017, and partial funding for amending Groundfish Essential Fish Habitat (EFH) protections and implementation of the Fishery Ecosystem Plan (FEP).

Dr. McIsaac discussed 2016 special project funding proposals, including advancing the ongoing groundfish EFH amendment and FEP projects. He also presented a complete listing of additional funding that could be proposed under the 5-year grant authorization. He then discussed, in the spirit of Federal appropriations that are likely to be close to level funding, a recommendation to pursue special project funding for an IFQ program 5-year review, Sacramento River winter Chinook (SRWC) control rule, and one FTE staff officer time to work on Highly Migratory Species (HMS) and Council Coordination Committee (CCC) activities. Finally, he discussed a CCC proposal for each Council to contribute toward funding a contractor to monitor and report on

national level legislative matters of interest to all eight Councils; the equal share cost for the Pacific Council would be \$7,500

Dr. McIsaac proposed a provisional total operating budget for CY 2016 of about \$4,774,788, along with contingent responses in the event that the actual base income are significantly less or more than assumed at this time. The recommendation included the presumption that \$228,315 in funding for the remaining portions of the EFH and FEP projects would be forthcoming and spent according to plans for 2016; the recommendations did not include activities associated with new special project funding, which, as in past years, were recommended to not begin absent new dedicated funding. The intent of the proposed budget is to provide for reasonably stable Council operational capacity in CY 2016 in comparison to recent years. The recommendation did include the \$7,500 Pacific Council contribution for legislation monitoring and reporting

### **Budget Committee Recommendations**

The Budget Committee passed (unanimously with Mr. Turner abstaining) the following motion to recommend the Council:

1. Approve a Provisional CY 2016 Operating Budget of \$ \$4,767,288.
  - a. This value does not include \$7,500 for legislative monitoring and reporting. The BC tasked Council staff with follow-up information on this proposal at a future BC meeting, including a report on any discussions at the February 2016 CCC meeting
2. Direct Council staff to work with NMFS to pursue special supplemental funding for the following projects, in priority order:
  - b. Remaining amount in the 2015 request for Fishery Ecosystem Plan implementation and the groundfish EFH essential fish habitat amendment (\$228,315);
  - c. Geographic Information System (GIS) mapping assistance for the groundfish EFH project (\$25,000);
  - d. Groundfish IFQ Program 5 year review (~\$400,000 for 2016-2017);
  - e. Development of an alternative Sacramento River Winter Chinook control rule change (\$57,000 for 2016-2017), and;
  - f. One full-time-equivalent Staff Officer for HMS and CCC emphasis, as well as other FMP implementation priorities identified by the Council after funding is received (~\$132,000 annually).
3. Employ the following contingency responses when the actual funding becomes known:
  - a. If the actual base income is within a range of  $\pm 5\%$  from that assumed (not counting specific earmarks, special projects, etc.), the recommended provisional budget will be updated with known values (earmarks, travel costs, etc.) for use in early 2016 and presented to the Budget Committee at the June Council meeting for approval.
  - b. If actual base income is more than 5% less or greater than the income assumption (not counting specific earmarks, special projects, etc.), the Budget Committee should be

convened at the March, April, or June Council meeting, depending on when the income information is known, for a discussion of options.

PFMC  
11/19/15