

## REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Thursday, November 13, 2014 with the following in attendance:

Members Present: Mr. Dave Ortmann, Chairman; Dr. Dave Hanson, Ms. Dorothy Lowman, Mr. Dale Myer, Mr. Bob Turner, and Mr. Dan Wolford

Members Absent: Ms. Michele Culver

Non-members Present: Mr. Herb Pollard, Mr. David Crabbe, Mr. Buzz Brizendine, Mr. Pete Hassemer, Ms. Marci Yaremko, Mr. Corey Niles, Dr. Donald McIsaac, Mr. Chuck Tracy, Ms. Patricia Crouse, Mr. Donald Hansen, and Ms. Carolyn Porter.

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

### **Status of Calendar Year (CY) 2014 Operating Budget and Expenditures**

Dr. McIsaac reviewed the CY 2014 budget and expenditures by major category as of September 30, 2014, 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 1% of the total budget. Dr. McIsaac reported that a no-cost extension of funds remaining in the 2010-2014 grant has been approved for expenditure by December 31, 2015.

### **Provisional CY 2015 Operating Budget**

Dr. McIsaac presented information to the BC covering the uncertainty around various funding categories for 2015 and the next two years. He noted that current FY 2015 marks in House and Senate appropriations documents for the Regional Fishery Management Councils and State Marine Commissions line item are both very close to the level adopted in FY 2014, which would indicate stability in this key base income source may be a reasonable assumption.

Even if the base income from FY 2015 replicates the FY 2014 level, Dr. McIsaac noted the importance of additional special project funding in achieving the kind of stability of Council operational capabilities that has been in place over the past decade. For example, the Council has received special project funding to develop the Groundfish trawl catch share program and its trailing amendments; in the past there has also been special project funding for Amendment 19, amending Groundfish Essential Fish Habitat (EFH) designations and protections; the establishment and initial implementation of the Fishery Ecosystem Plan; and for the Council process considering electronic monitoring regulations for the groundfish trawl IFQ sectors 2013-15.

Dr. McIsaac discussed special project funding proposals for advancing electronic monitoring 2015-17, an Amendment 26 process (groundfish Essential Fish Habitat), and implanting Fishery Ecosystem Plan initiatives 2015-17. He also discussed the intent to develop special project funding needs for HMS activities in the near future.

Dr. McIsaac proposed a provisional total operating budget for CY 2015 of about \$4.74 million, along with contingent responses in the event that the actual base income are significantly less or more than assumed at this time. The intent of the proposed budget is to provide for stable Council operational capacity in CY 2015. He also spoke of the necessity to pursue special project funding for matters above and beyond traditional core Council responsibilities, including emphasizing the problematic nature of continuing work on three special projects beyond the following dates: FEP implementation beyond the March, 2014 Council meeting; Groundfish EFH beyond the April, 2015 Council meeting; and Groundfish Trawl Electronic Monitoring beyond the June, 2014 Council meeting.

### **Budget Committee Recommendations**

The Budget Committee passed a motion to recommend the Council:

1. Approve a Provisional CY 2015 Operating Budget of \$ \$4,741,136.
2. Direct Council staff to work with NMFS to pursue special supplemental funding for the following projects, in priority order: 1) Electronic monitoring and electronic technology considerations for July, 2015 through June, 2017; 2) Groundfish Essential Fish Habitat Amendment 26; and 3) Fishery Ecosystem Plan initiatives.
3. Employ the following contingency responses when the actual funding becomes known:
  - a. If the actual funding income is within a range of  $\pm 5$  percent than assumed, the recommended provisional budget will be updated with known values for mandatory adjustments such as travel and per diem or COLA value changes, and be used until presented to the BC for confirmation (typically at the June Council meeting).
  - b. If the actual funding income is more than 5 percent different than assumed, the BC will be convened at the March, April, or June Council meeting, depending on when the income information is known, for a discussion of options.

PFMC  
11/19/14