

BUDGET COMMITTEE REPORT

The Budget Committee (BC) met on Thursday, June 11, 2015. Most of the meeting was conducted in a workshop format to provide a thorough understanding of the Council and budget processes, including National Marine Fisheries Service West Coast Region Sustainable Fisheries Division (NMFS WCR SFD) funding and spending. Special invitations were extended to all Council Members to attend the workshop, which began at 8:30 a.m. and continued until 2:43 p.m. Included in the workshop component of the BC meeting were discussions and recommendations for (1) a final CY 2015 operational budget and (2) a revised 2015–2019 Council Grant Application.

The BC attendance was as follows:

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

Members Absent: None.

Non-members Present: Mr. Herb Pollard, Mr. David Crabbe, Mr. David Sones, Mr. Buzz Brizendine, Mr. Rich Lincoln, Mr. Chris Kern, Mr. Jeff Feldner, Mr. Corey Niles, Ms. Marci Yaremko, Dr. Donald McIsaac, Mr. Chuck Tracy, Ms. Patricia Crouse, Mr. Mike Burner, Mr. Donald Hansen, Dr. Steve Freese, Ms. Allyson Purcell, Dr. Scott Rumsey, Mr. Kevin Duffy, Ms. Kim Raneses, Mr. Randy Fisher, Mr. Dave Colpo, Mr. Steve Williams, Mr. Phil Anderson, Mr. Rod Moore, Mr. Gerry Richter, Mr. Dan Waldeck, and Ms. Corey Ridings.

Workshop Summary

The Council Budget Process

The primary goal of the BC workshop was to provide all Council Members with a broad understanding of the various components of the Council’s budget development and spending process, including objectives of full awareness on the Council’s financial structure, how funding is obtained, status of current funding and spending by the WCR SFD and the Council, the process of adopting annual budgets aligned with priority choices, managing funding across calendar years, and identification of and spending patterns for “routine” and “special” projects. An annotated workshop agenda showing more detail of discussion items of this portion of the workshop is found in [Agenda Item F.2, Supplemental Attachment 1](#). The slide presentation used during the workshop is found in [Agenda Item F.2, Supplemental Attachment 2](#). The bulk of the workshop time was spent addressing this primary goal, in the context of how policy choices can be made on workload prioritization, staffing stability, liaison contract amounts, and operational continuity through time.

A Final CY 2015 Operating Budget

A secondary goal of the workshop was to consider and discuss the Executive Director’s Budget

Report for the first year of the 2015-2019 Cooperative Agreement, which included: (1) status of funding for calendar year (CY) 2015; (2) a proposed operational budget for CY 2015 and summary of expenditures through May 2015; and (3) a summary of budget and expenditures in CY 2014.

Dr. McIsaac reported that while there is still some uncertainty with regard to the extent of the Council's final funding for Federal Fiscal Year (FY) 2015, it is likely that the Council will receive a total of \$4.676 million in new funding in CY 2015, including (1) Regional Council line item and ongoing soft funding from NMFS Headquarters and (2) supplemental funding from the WCR.

A total of \$3,536,470 has been received in the former category, and if the NMFS proposed spending plan is approved, the Pacific Council would receive an additional \$559,515 for a total of \$4,095,985. In addition, the WCR has indicated it will provide new funding of \$551,112 for special project funding including implementation of the regional electronic technology plan, an amendment to modify groundfish essential fish habitat, and implementation of the Fishery Ecosystem Plan (FMP) initiatives to conduct a coordinated ecosystem indicator review and explore cross-FMP effects of climate shift. The Council had requested \$351,900, \$500,500, and \$166,800 for these special projects, respectively, to cover activities through 2016 or 2017. It is hoped that additional funding will be available in 2016 to cover the balance of project needs. Lastly, the Council is also expected to receive \$25,000 to conduct a workshop on sardine distribution as a result of the settlement agreement in the *Oceana v. Pritzker* litigation, and \$4,000 to cover travel expenses for Council staff to participate in the meeting of the International Scientific Committee to study the tuna and tuna-like species of the North Pacific Ocean.

Based on Council guidance from November 2014 and cost and program updates since then, Dr. McIsaac presented the BC with a proposed CY 2015 operational budget of \$4,914,237. This amount is about 4 percent above the November 2014 adopted provisional budget and includes resumption of the three special projects that would have otherwise been suspended in accordance with the November provisional budget, funding a Council representative to the Pacific Offshore Cetacean Take Reduction Team, and updates on travel rates and other costs categories. It does not include funding for a Groundfish Advisory Committee meeting in 2015. Expenditures of the proposed CY 2015 budget are proceeding within normal expectations for the first five months of the year.

Dr. McIsaac reported that expenditures of CY 2014 funds were approximately 97 percent of the operational budget. The 3 percent balance of CY 2014 funding will be spent this year in accordance with the provisions of the one-year no-cost extension of the 2010-2014 grant. A minor error in the 2014 expenditures presented at the workshop was noted, and has been corrected in [Supplemental Attachment 2](#).

Review of 2015-2019 Revised Grant Proposal

An additional secondary goal of the workshop was to discuss and consider the content and process for finalizing the revised 2015-2019 grant proposal application in the context of long-term planning for possible funding and priority projects. The proposal requests spending

authorization for 2015 funding in 2015-2016 of \$4,721,157 and \$29,482,658 over the 5-year period; spending in 2015 will also include \$1,425,898 from the 2010-2014 grant one year no-cost extension. The proposal does not represent an allocation of funding or budget expenditures, but does include a narrative that outlines Council spending priorities and contingencies as authorization for foreseeable funding that might occur in future years ([Agenda Item F.2, Supplemental Attachment 3](#)).

Budget Committee Recommendations

After the workshop component of the BC meeting, the committee took public testimony and passed the following two motions:

1. The Budget Committee unanimously recommends the Council adopt a CY 2015 operating budget of \$4,914,237.
2. The Budget Committee recommends the Council approve submittal of the 2015-2019 revised grant application as recommended by Council staff (all in favor except Mr. Turner who abstained).

The Budget Committee expressed its appreciation to Council and NMFS staffs for the workshop presentations, and recommends another workshop be conducted in time to provide timely input into the next 5-year grant application process, and no later than 2018.

In September the Budget Committee will meet to review the results of the annual audit and year-to-date expenditures. In November the Budget Committee will review expenditures, consider likely funding levels for 2016, and recommend a provisional budget for 2016.

PFMC
6/15/2015