

REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on June 22, 2016 and received the Acting Executive Director's Budget Report for Fiscal Year 2016; and the potential changes to Council Operating Procedures (COP) 1: General Council Meeting Operations, and COP 9: Management and Activity Schedules. The BC attendance was as follows:

Members Present: Ms. Dorothy Lowman, Acting Chair, Mr. Phil Anderson, Ms. Michele Culver, Dr. David Hanson, Mr. Dan Wolford and Mr. Bob Turner

Members Absent: None

Non-Members Present: Mr. Herb Pollard, Mr. Peter Hassemer; Ms. Marci Yaremko, Mr. Chuck Tracy, Ms. Corey Ridings, Ms. Heidi Taylor, Mr. Steve Freese, Mr. Mike Burner, Ms. Patricia Crouse, Dr. Donald McIsaac, and Mr. Donald Hansen.

After approving the meeting agenda, the BC received information the National Marine Fisheries Service and Acting Executive Director's reports as summarized below.

National Marine Fisheries Service (NMFS) – Sustainable Fisheries Budget Update

Mr. Bob Turner presented information regarding the Sustainable Fisheries Division (SFD) budget that included an increase of total discretionary funding in 2016 of approximately \$4.0M compared to 2015. However, less funding was available through the West Coast Region in 2016 than in 2015, and more was made available through headquarters directed programs. With the increase in 2016, SFD was able to allocate funds totaling \$775 K to the Pacific Fishery Management Council (Council) for the Council's 5-year catch share review and other special projects. Additional funds were also made available to Pacific States Marine Fisheries Commission and EcoCast for projects related to Council priorities.

Acting Executive Directors Report

Mr. Chuck Tracy presented the current financial reports to the BC which included: (1) status of funding for calendar year (CY) 2016; (2) a proposed operating budget for CY 2016; (3) a summary of budget and expenditures for CY 2016 through May 2016, and; (4) a summary of budget and total expenditures in CY 2015.

The status of funding for CY 2016, the second year of the 2015-2019 grant, included base funds of \$4.099M with additional funds received or expected to be received to total \$4.969M. In November 2015, Council directed staff to pursue special project funding from NMFS for the balance of requests for Groundfish essential fish habitat review and Fishery Ecosystem Plan Initiatives, as well as new funding for the Catch Share Program 5-year review the development of an alternative Sacramento River winter Chinook control rule, and for a full time staff officer to work on Council Coordinating Committee and Highly Migratory Species issues. Funding for all of these requests

have been received or are expected in the near future with the exception of the staff officer.

Based on the Council guidance from November 2015 and cost and program updates since then, Mr. Tracy presented the BC with a proposed CY 2016 operational budget of \$4,831,268. This amount is about 1 percent above the November 2015 adopted provisional budget, and now includes the addition of CY 2016 expenses for the Catch Share Program Review. This budget also includes travel and other cost updates as customary between the provisional and recommended operational budget.

Mr. Tracy reported that expenditures of the proposed CY 2016 budget are proceeding within normal expectations for the first five months of the year.

Mr. Tracy reported that expenditures of CY 2015 were approximately 88 percent of the operational budget. The 12 percent balance of CY 2015 funding will be spent this year on remaining special projects that were expected to continue and some purchases of supplies and equipment that were originally planned for CY2015.

Additional Matters

The BC discussed the draft language regarding the Budget Committee Membership for Council Operating Procedure (COP) 1 and COP 9 - Financial Management Activity Schedule Guidelines. Relative to COP 1, the BC discussed membership being composed of no more than seven *voting* members of the Council to avoid having a quorum present on the BC, and to specify that there be one *voting Council* member from each state. The BC was also interested in maintaining the diversity of the BC in terms of agency and appointed seats..

The BC noted that the Council term for one of the existing BC members ends before the September council meeting and discussed maintaining the full BC membership for the September Council meeting. The BC did not feel any discussion of the proposed changes to COP 9 were necessary.

Budget Committee Recommendations

The Budget Committee unanimously passed the following motions to recommend to the Council:

1. Request and maintain a full membership on the Budget Committee for the September 2016 Meeting. The Council Chair will take recommendations and appoint new members prior to the September BC meeting, with officers to be elected at the September meeting.
2. Approve a CY operating budget of \$4,831,268.
3. Make two changes to Agenda Item F5, Attachment 1 - COP 1:
 - Budget Committee shall be composed of Council Members or Council-member designees and have no more than seven voting members.
 - One voting member from each state, which could be an agency director/designee, an obligatory or at-large appointee. The Council Chair could serve as one of these members;
4. Budget Committee requests staff report estimates of the basic costs to hold five Council meetings per year and the costs to send members to the CCC Meetings at the September BC meeting.

In September the Budget Committee will meet to review the results of the annual audit, receive a year-to-date expenditures report, and begin discussing the draft CY 2017 provisional budget. Budget Committee members will consider funding needs regarding the 2017 meeting of the Scientific Coordination Subcommittee of the Council Coordination Committee (CCC), legislative liaison contract, and the potential ongoing funding needs of the Sacramento River winter Chinook Control Rule review process, and any other relevant priorities for staff consideration. In November the Budget Committee will review expenditures, consider likely funding levels for 2017, and recommend a provisional budget for 2017.

PFMC
06/28/16