

## REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on November 14, 2017 and received the Executive Director's Budget Report for Fiscal Year 2017 and staff proposed 2018 Provisional Budget. The BC attendance was as follows:

Members Present: Ms. Dorothy Lowman, Chair, Mr. Phil Anderson, Vice Chair, Ms. Michele Culver, Mr. Pete Hassemer, Mr. Herb Pollard, Mr. Ryan Wulff, Dr. David Hanson, and Ms. Marci Yaremko.

Non-Members Present: Mr. Chuck Tracy, Mr. Mike Burner, Ms. Corey Ridings, Mr. Seth Atkinson, Mr. Marc Gorelnik, Ms. Patricia Crouse, Mr. David Crabbe, and Mr. Donald Hansen.

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

### **National Marine Fisheries Service (NMFS) – Sustainable Fisheries Division Budget Update**

Mr. Ryan Wulff stated the West Coast Region (WCR) is working on Phase I allocations and an initial amount of Phase 2 funding for FY18, which is generally available for use to cover contractors and travel costs. Additional funding may be available when a budget is passed, and the government is still operating under a Continuing Resolution until December 8, 2017.

The WCR has the opportunity to submit proposals for headquarters TEMP funds available for Magnuson-Stevens Act Implementation and Catch Shares. The WCR and Science Centers could work with the Council to submit joint proposals to be more competitive. The deadline for submitting proposals is December 1.

The BC discussed the issue of timing of NMFS budget finalization, and the effects it has had on the Council's ability to plan for and conduct special projects. For example, in 2017, the availability of base and special project funding was not known until July, resulting in delaying expenditures until the 2018 budget period. In the past, the Council has requested special project funding following the November Council meeting based on Council priorities for the upcoming budget period. While it is still important to request funds early in the NMFS budget cycle, if approval of funding isn't known until mid-year or later, special project planning may need to target the following Council budget period.

### **Executive Director's Report**

Mr. Chuck Tracy presented information on the current financial information which included: (1) status of funding for calendar year (CY) 2017; and (2) a summary of budget and expenditures for CY 2017 through September 2017. The status of funding for CY 2017, which is the third year of the 2015-2019 grant, included funds received to total \$4.981M (Agenda Item G.2, Supplemental Attachment 1).

The expenditures for 2017 were presented and Mr. Tracy noted current spending based on this budget shows expenses tracking within expectations for the first 9 months of the year, and based on staff estimates, would result in spending approximately 95 percent of the budgeted amount.

Mr. Tracy presented the staff proposed 2018 Provisional Budget noting that the operational aspects represented a slight increase compared to the 2017 operational budget. In addition to the usual operational budget, the staff proposed 2018 budget included \$125,000 for the SCS-6 meeting that will be held in January. Mr. Tracy also presented an analysis of state contract funding over the past 10 years as requested by the BC.

Mr. Tracy reviewed a number of Fishery Management Plan level ongoing priority and special project activities (funded and unfunded) that the BC and Council should consider prioritizing, balancing costs and available agenda time, and recognizing that Council staff is expected to be fully subscribed in 2018 given the currently funded special projects.

### **Budget Committee Discussion on Activities**

The BC provided comments on the following projects as identified in the ED report (Supplemental Attachment 1) and additional items.

#### Highly Migratory Species

Deep-Set Buoy Gear (including EFPs) – The BC discussed continuing the policy of having an agenda item at each Council meeting with HMS agenda items. The policy has resulted in the desired effects of encouraging interest in the fishery to gather information to inform action on authorizing the gear. However, applications submitted since June 2016 have not been approved to date, and will be processed for approval as a batch. Based on this practice, **the BC recommends Council and NMFS staff look at revising COP 20 to develop an annual EFP process** that would allow for review and approval of EFPs prior to onset of the typical fishing season, but reduce the number of Council meetings where applications are accepted.

Swordfish Strategic Planning – **The BC recommended using the balance of the \$59,000 special Project funding to complete the Swordfish Management and Monitoring Plan**, including consideration of a framework for a more forward-looking plan.

Shallow-Set Longline – **The BC recommends not advancing shallow-set longline activities until the swordfish strategic planning process addresses that issue.**

HMS Permit Citizenship - This issue is tentatively scheduled for June for preliminary scoping. The BC was concerned that the potential for this issue to have a very broad scope. **The BC recommends the Council consider keeping the scope as narrow as possible** should they decide to proceed with the issue to minimize the workload for both Council and NMFS staff.

Albacore Management Strategy Evaluation (MSE) workshop – **BC recommended that the Council authorize staff to include funding in the 2018 budget for attendance of an Highly Migratory Species Management Team (HMSMT) and HMS Advisory Subpanel (HMSAS) member at a 2018 albacore MSE workshop.**

### Coastal Pelagic Species

Acoustic Trawl Survey (ATS) Methodology Review – The ATS review is scheduled for Jan. 29-Feb 2. Pending the outcome of that review, management of some monitored stocks could shift to active management. Active management would incur additional workload, which is not considered in the staff proposed 2018 budget. In addition, the Council received a request to send Mr. Crabbe to the review meeting representing the Council. **The BC recommends approving funds to allow Mr. Crabbe to attend the review.**

### Fishery Ecosystem Plan (FEP)

BC considered the FEP initiative special project to be a high priority for additional funding, and **recommended the ED work with the WCR to acquire the balance of the project funding requested during the 2017 TEMP funding process** in order to complete the ongoing progress from 2017.

### Groundfish

Off-Year Science Workshops – **The BC recommends Council staff work with WCR Science Centers staff to explore coordinated funding of workshops.**

ESA Considerations – The BC discussed the role and meeting cycle of the Endangered Species Workgroup (ESW), which meets early in odd-numbered years to review status of, and fishery impacts to, protected species, and to identify the need for additional mitigation measures. Based on their report, the Council would then have the option of analyzing proposed measures in the biennial specifications process, or through another process. The Council received \$30,000 in 2014 to facilitate the meetings on an ongoing basis. **The BC recommended seeking additional funding to address other ESA-related issues that come up outside the existing EWG schedule.**

Catch Share Review follow-on Actions – The BC discussed the need to consider the process for advancing follow-on actions. The staff proposed 2018 budget included one meeting of the Groundfish Allocation Committee to address follow-on actions, primarily gear switching. There was also discussion about having the CAB meet to advance follow-on actions depending on the outcome of the prioritization process.

Quota Pounds Trading – The Council received \$125,000 in 2017 to advance intersector quota pound trading. This special project funding was not a specific proposal from the Council. As such, **the BC requested NMFS determine if there were any restrictions on the use of the Quota Pound Trading special project funds** if the Council determines other Catch Share Review follow-on actions are a higher priority and quota pound trading was not advanced.

### Salmon

Klamath River Fall Chinook (KRFC) Rebuilding Plan – KRFC are expected to be determined to be overfished early in 2018, which would necessitate development of a rebuilding plan. **The BC recommended including additional meeting costs associated with developing the rebuilding plan in the 2018 budget.**

The BC was also notified that additional workload may result from expected Endangered Species Act consultation process for Southern Resident Killer Whale.

Other

**Regulatory Review - The BC recommended staff consider including expenses associated with the regulatory review process in the 2018 budget.**

**Pacific Halibut – The BC recommended against advancing any non-routine Pacific halibut activities.**

**BC Recommendations**

The BC recommends:

1. Adoption of a 2018 provisional budget of \$4,980,814, which includes travel of one HMSMT and one HMSAS member to attend the 2018 Albacore MSE Workshop, Council Member attendance at the Acoustic Trawl Survey review, and possible meetings that may be needed to advance Catch Share Review follow-on actions in 2018.
2. Allowing flexibility for Executive Director to work with West Coast Region to determine potential special projects that fit within the TEMP, Phase 2 Headquarter funds, and Phase 3 Discretionary Funds, taking into account the recommendations above.

The BC also requested staff prepare a report on expected use and spending of the Delayed Spending Account, and the history of timing of the receipt of funds.

PFMC

11/19/17