

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met June 19, 2019 to receive an update on the 2015-2019 cooperative agreement funding, to review and consider a staff Proposed 2019 Operational Budget, and review and consider the draft project narrative and budget for the 2020-2024 grant.

Members Present: BC Chair Mr. Pete Hassemer, BC Vice-Chair Mr. Phil Anderson, Mr. Herb Pollard, Mr. Brad Pettinger, Ms. Marci Yaremko, Dr. Dave Hanson, and Ms. Michele Culver.

Non-Members Present: Mr. Marc Gorelnik, Ms. Kelly Ames, Mr. Chuck Tracy, Mr. Mike Burner, Ms. Patricia Crouse, Ms. Lynn Langford-Walton, and Mr. Don Hansen.

National Marine Fisheries Service (NMFS) West Coast Region (WCR) – Sustainable Fisheries Division Budget Update

Ms. Kelly Ames noted that the WCR is in the final stages of obligating funds from fiscal year 2019. There have been no additional temporary funds from Headquarters (HQ) or the WCR provided since the discussion at the April BC meeting ([April 2019 Budget Committee Report](#)).

Ms. Ames also noted the fiscal year 2020 President's Budget, which was summarized at the May Council Coordinating Committee meeting ([Presentation](#), starting on slide 9).

Executive Director's Report (Agenda Item D.7, Supplemental Attachment 2)

Mr. Chuck Tracy presented the status of the 2019 funding and budget summary, noting that all expected funds have been received, totaling \$4,585,191 in base Program, Projects, and Activities (PPA) and Management Programs and Services (MPS) funds, plus \$4,471 from the Southwest Fisheries Science Center (SWFSC) to cover staff travel to the meeting of International Scientific Committee for Tuna and Tuna-like Species in the North Pacific Ocean. This represents a 3.83 percent net increase in 2019 based on changes relating to our PPA and MPS funding sources.

The Staff Proposed Calendar Year (CY) Operational budget of \$5,203,674 includes a net increase of \$227,273, over the November Provisional budget for changes related to anticipated Council activities through the remainder of the year, changes to salaries, and upgrades for 508 compliance and other technology. Current expenditures through May 2019 are on target.

Funds remaining in the grant at the end of 2019, the last year of our 2015-2019 grant, are eligible for a one-year No-Cost Extension to be used for continuing projects in 2020. Staff will prepare a budget and apply for the Extension when status of remaining funds can be better estimated. Applications are due in October 2019.

Mr. Tracy discussed the 2020-2024 grant and noted the base budget for 2020 is the same as the 2019 actual funding level of \$4.585M (as per HQ instructions), but that funds from the No-Cost Extension projects would also be available for use on continuing projects through December 31,

2020 and separate detailed accounting will need to be prepared for the two sources of grant funds.

The Staff Proposed 2020 Grant budget includes routine management activities, inflationary adjustments, and other priorities that have uncertain funding but targets the 2019 level of funding. Budget amounts for the grant years of 2021-2024 are based on the 2020 funding assumption, routine activities, expected activities (including the hosting of a Council Coordination Committee [CCC] Meeting in 2021), potential priorities, and projected inflation for personnel, rent, and travel expenses.

Council staff made the following recommendations:

- Approve a 2019 Operational Budget of \$5,203,673, - which includes staff anticipated activities to continue for the remainder of the year.
- Approve the project priorities for a one year No-Cost Extension of the 2015-2019 Grant.
- Approve the 2020-2024 Grant application package, noting that the 2020 year would be identified as the 2020 Provisional budget. The total 2020-2024 Grant budget is \$28,959,395 and includes the Council's commitment to hosting the 2021 CCC Meeting. In addition, give the staff latitude to make needed corrections and adjustments prior to submitting the grant application.
- Postpone the next BC meeting from September to November, unless the Grant application needs significant revisions. The 2018 audit results once again are anticipated to conclude with favorable findings and, therefore, an informational report in September will suffice in lieu of in-person BC review.
- Schedule a BC meeting at the November Council meeting if there is a significant funding update, the grant application needs significant revision, or if guidance is needed on the No-Cost Extension.

Budget Committee Discussion on Activities

The BC elected Pete Hassemer to continue as Chair and Phil Anderson to continue as Vice-Chair for the next year. The BC noted that it was Mr. Pollard's last meeting as a BC member and expressed gratitude for his strong work on Council fiscal matters. Identification of Mr. Pollard's replacement as an at-large BC member is anticipated to occur in September when new Council Members for the next term have been appointed.

The Committee discussed the 2020-2024 Grant Project Narrative and recommended updating the language regarding coastal pelagic species and Pacific halibut to reflect changes that may occur on these matters during the June Council meeting. The BC discussed Council Member and contractor attendance at international highly migratory species meetings. Specifically, the BC discussed the Council's representation to the Western and Central Pacific Fisheries Commission. Ms. Dorothy Lowman has been serving in this capacity since 2014 as a U.S. Commissioner and has continued to do so on contract since reaching the term limit and leaving the Council. Ms. Lowman has expressed stepping down from this role after 2020 and the BC discussed identifying her successor soon, so that there would be an opportunity for the new representative to shadow Ms. Lowman as a means of building understanding and international working relationships.

The Committee discussed the need for a September or November meeting. Ms. Ames noted that November represents a good opportunity for the BC and the Council to identify potential projects

for funding requests to either NMFS Headquarters or the West Coast Regional Office. The Committee also discussed the need for an update on 2019 spending in November to better inform the No-Cost Extension balance for 2020 funding.

Budget Committee Recommendations

- 1. Recommend a Calendar Year 2019 Operational budget of \$5,203,673 as presented in the Executive Directors Report.**
- 2. Recommend the Draft Project Narrative and Budget for the 2020-2024 Grant period as presented, but asked Council Staff to modify the language in the narrative to reflect actions that are taken during this Council Meeting.**
- 3. Recommend the Staff Proposed Draft Projects for the No-Cost Extension and include any items that come before the Council between now and extension submission.**
- 4. Recommend having a November BC Meeting but have a September meeting only if necessary as identified in the Executive Directors Report.**

PFMC
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