

2015 Supplemental Budget Request



Miranda Wecker, Chair
Fish and Wildlife Commission
Phil Anderson, Director
Department of Fish and Wildlife

September 19, 2014



Washington
Department of
**FISH and
WILDLIFE**



State of Washington
DEPARTMENT OF FISH AND WILDLIFE

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Main Office Location: Natural Resources Building, 1111 Washington Street SE, Olympia, WA

September 19, 2014

Mr. David Schumacher
Director, Office of Financial Management
300 Insurance Building
Olympia, WA, 98504-3113

Dear Mr. Schumacher:

Enclosed you will find the 2015 Supplemental Operating Budget Request for the Washington Department of Fish and Wildlife (Department), as approved by the Fish and Wildlife Commission. We have developed this request to maintain current service levels, so only budget adjustments that are emergent or technical in nature are included.

As you are aware, the 2014 wildfire season has been especially destructive. The Carlton Complex Fire was the most damaging wildfire in Washington's history, and the Cottonwood 2 Fire began when sparks at a shooting range ignited dry grass in the Wenas Wildlife Area. Damage to the Department's wildlife areas has been extensive. Funding to support our fire suppression bill to the Department of Natural Resources and for the restoration of burned areas is critical in maintaining the state's investment in its public lands.

Thank you for your time and consideration, especially in the context of the state's continued budget challenges with limited state general fund resources. Department staff are available to assist you with evaluating this request and will be happy to answer any questions as they arise. Please contact, Owen Rowe, Budget Director, at (360) 902-2204, or David Giglio, Assistant Director of Technology and Financial Management, at (360) 902-8128 for further information.

Sincerely,

Philip Anderson
Director

Enclosure

cc: Office of Financial Management:
Heather Matthews, Budget Assistant
Chris Stanley, Budget Assistant
Washington Department of Fish and Wildlife:
Joe Stohr, Deputy Director,
David Giglio, Technology and Financial Management Assistant Director
Lee Rolle, Chief Financial Officer
Owen Rowe, Budget Director

WASHINGTON DEPARTMENT OF FISH AND WILDLIFE
2015 Supplemental Budget Request

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Requests can be made by calling (360) 902-2349 or (360) 902-2207 (TDD)

Or online at: http://wdfw.wa.gov/accessibility/reasonable_request.html

Please allow 72 hours for your request to be processed.

State of Washington
Recommendation Summary

Agency: 477 Department of Fish and Wildlife

Dollars in Thousands

	FY2 FTEs	General Fund State	Other Funds	Total Funds
2013-15 Current Biennium Total				
Total Carry Forward Level				
Percent Change from Current Biennium				
Carry Forward plus Workload Changes				
Percent Change from Current Biennium				
M2 9F Federal Funding Adjustment			8,000	8,000
M2 FA Food for Fish Hatchery Production		28	238	266
M2 FB Hatchery Utilities Cost Increase		8	99	107
M2 FC L&I Rate Technical Adjustment		91	(91)	
M2 FD Legal Services Adjustment		136	198	334
M2 FE WILD Transaction Fee Tech Adjustmt			200	200
M2 FF Wildfire Season Costs		511		511
M2 FG Maintaining Technology Access		138	201	339
Total Maintenance Level		912	8,845	9,757
Percent Change from Current Biennium				
Subtotal - Performance Level Changes	0.0			
2013-15 Total Proposed Budget		912	8,845	9,757
Percent Change from Current Biennium				

M2 9F Federal Funding Adjustment

WDFW receives funding through the federal Pittman-Robertson (PR) Act to support work that fosters recreational hunting opportunities and from the Environmental Protection Agency (EPA) for a Puget Sound restoration grant program. WDFW plans to spend an additional \$3 million on PR projects throughout the state and to spend an additional \$5 million of EPA funding to support Puget Sound restoration projects in fiscal year 2015. The Department requests federal spending authority to fulfill the legislative intent and contractual obligations of these two federal programs.

M2 FA Food for Fish Hatchery Production

Washington Department of Fish and Wildlife (WDFW) hatcheries produce fish that support Washington's tribal, commercial, and recreational fisheries and contribute to fish recovery efforts listed under the Endangered Species Act. WDFW requests funding and spending authority to meet the 4% increase in fish food costs that took effect July 1, 2014, due to the global market conditions associated with fish food production. Without additional funding to offset the cost increase of fish food, salmon and trout plants into local waters will likely be reduced.

M2 FB Hatchery Utilities Cost Increase

Washington Department of Fish and Wildlife (WDFW) hatcheries produce fish that support Washington's tribal, commercial, and recreational fisheries and that contribute to fish recovery efforts for salmon and steelhead which are listed under the Endangered Species Act. WDFW requests appropriation authority to fill the funding gap resulting from a recent 7.37% increase in utility costs. This request supports electricity, natural gas, sewer, garbage, and oil heat costs at hatcheries. Without funding to offset increased utilities, salmon and trout plants into local waters will be reduced.

M2 FC L&I Rate Technical Adjustment

A technical error in the 2014 supplemental budget based on an outdated central service model fund split applied a reduction incorrectly to WDFW's Labor and Industries' (L&I) budget. The reduction was only applied to the state general fund and the State Wildlife Account without also spreading the reduction to our federal and private/local appropriations. The error resulted in too large of a reduction to our principal state funding sources. This request will align the Department's budget for L&I payments with how the bill is actually paid.

M2 FD Legal Services Adjustment

The Attorney General's Office represents Washington Department of Fish and Wildlife (WDFW) in all legal matters, and the cost of this service is outpacing funds available in the central service model by more than 11%. WDFW requests additional funding to address its legal service cost increases. Sustaining these services is crucial in ensuring the Department maintains its legal representation.

M2 FE WILD Transaction Fee Tech Adjustmt

Each time the Washington Department of Fish and Wildlife (WDFW) sells a recreational license or Discover Pass, a ten percent transaction fee is assessed to cover costs of operating the WILD licensing system. Growing recreational and Discover Pass sales are increasing these transaction fees at a rate that is expected to exceed WDFW's appropriation authority in the current biennium. The Department requests additional budget authority to meet these payment obligations. This funding will allow WDFW to continue using its license sales system to fulfill public demand for recreational licenses and Discover Passes throughout the state.

M2 FF Wildfire Season Costs

The Washington Department of Fish and Wildlife (WDFW) is required to pay local fire districts and the Department of Natural Resources (DNR) for their support in fighting wildfires on WDFW lands. Funding is requested for fire suppression, habitat rehabilitation, and infrastructure costs associated with wildfires occurring during FY 15 and for those fires occurring from March-June in FY 14 that were not addressed in the FY 14 supplemental fund allocation. Fire suppression and restoration funding is necessary to preserve investments in fish and wildlife habitat, to protect human health and safety, and to defend facilities and structures in affected areas of the state.

M2 FG Maintaining Technology Access

The Washington Department of Fish and Wildlife faces increasing costs for mission-critical technologies such as Microsoft software and support, network access, and email storage. WDFW requests additional funding to maintain these essential functions for daily operations, without compromising core agency activities.

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FA Food for Fish Hatchery Production
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Washington Department of Fish and Wildlife (WDFW) hatcheries produce fish that support Washington's tribal, commercial, and recreational fisheries and contribute to fish recovery efforts listed under the Endangered Species Act. WDFW requests funding and spending authority to meet the 4% increase in fish food costs that took effect July 1, 2014, due to the global market conditions associated with fish food production. Without additional funding to offset the cost increase of fish food, salmon and trout plants into local waters will likely be reduced.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		28,000	28,000
02R-1 Aquatic Lands Enhancement Account-State		170,000	170,000
104-1 State Wildlife Account-State		68,000	68,000
Total Cost		266,000	266,000

Package Description:

Fish food purchased by WDFW supports salmon, trout, and warm water fish production for tribal, commercial and recreational fisheries in the state of Washington, as well as recovery and conservation programs for fish populations listed under the Federal Endangered Species Act. Fish food expenditures are budgeted at approximately \$12 million for the 2013-15 biennium.

Fish food prices increased by an average of 4 percent effective July 1, 2014. This increase is driven by global market conditions associated with fish production, including fish meal, fish oil, and agricultural shortages. Agricultural commodity production during the past year has been one of the worst in many years. Railcar and truck movement was very poor through the long and harsh winter, and prices of corn and soybeans have increased. Fish oil and fish meal costs are dependent upon the success of the menhaden caught in the USA as well as the yield of Peruvian anchovies. The Peruvian anchovy fishery catch is under 70% of the quota seriously impacting prices of fish meal and oil.

Fish food is a non-discretionary cost of fish production. Without funding to offset increased fish food costs, salmon and trout plants into local waters will be reduced. WDFW requests authority to cover unavoidable cost increases so that we can maintain Washington State's fishing opportunities.

Name and Phone Number of Subject Matter Expert:
 Kelly Cunningham, Deputy Assistant Director
 Fish Program, Department of Fish and Wildlife
 (360) 902-2325

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding will allow WDFW to continue to produce hatchery fish at current production levels. Washington's hatcheries provide the fisheries that people depend upon for jobs (commercial fishing and related industries), meet federal treaty obligations, support local economies (tourism, lodging, restaurants, wholesalers and retailers of recreational equipment, boats and licenses), provide family recreational opportunities, and protect Washington's fishing cultural heritage. Recreational fishing opportunities in lakes and rivers throughout the state contribute significant revenue to local and rural businesses, as well as WDFW through license sales. The majority of salmon production at WDFW owned hatcheries is linked to federal court orders with treaty tribes.

Performance Measure Detail

Activity:

A041Fish Production for Sustainable Fisheries

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports two of the agency's goals contained in the strategic plan.

Goal # 2: "Provide sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences"

Goal #3: "Promote a healthy economy, protect community character, maintain an overall high quality of life, and delivery high-quality customer service."

Does this decision package provide essential support to one of the Governor's priorities?

WDFW hatcheries' fish production supports the following Governor's Results Washington priorities:

Goal 2: Prosperous Economy

Goal 3: Sustainable Energy and a Clean Environment

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

Fish production benefits Washington's economy.

"The U. S. Fish and Wildlife 2011 Survey of Fishing, Hunting, and Wildlife-Associated Recreation" report indicated that recreational anglers in Washington total approximately 938 thousand, and fish a total of 13.4 million days, an average of 14 days per angler. Fishing expenditures in Washington for these sport fishers total approximately \$1.0 billion.(Source: U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Commerce, U.S. Census Bureau. 2011 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation) Available at: <http://www.census.gov/prod/2012pubs/fhw11-nat.pdf>

Commercial fishing contributes to the Washington seafood industry economic impact estimated at approximately \$3.0 billion. (Source: National Marine Fisheries Service. 2014. Fisheries Economics of the United States, 2012. U.S. Dept. Commerce, NOAA Tech. Memo. NMFS-F/SPO-137) Available at: <https://www.st.nmfs.noaa.gov/st5/publication/index.html>

What alternatives were explored by the agency, and why was this alternative chosen?

Our main priority is to maintain current fish production levels and fish health while remaining within hatchery operational budgets. Various strategies are used to offset fish food cost increases when possible. These include reprioritizing activities and budget resources within the Fish Program when opportunities allow as well as buying fish food ahead of new contract pricing when funding allows.

What are the consequences of not funding this package?

Without additional funding, fish production will decrease, which will have a negative impact on local economies and impact federal court orders made with treaty tribes.

Therefore, not receiving additional funding will require strategies addressing the fish food cost increases such as negotiating salmon production reductions with treaty tribes, and making reductions in trout production.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

The total request for goods and services is to fund fish food in FY 2015 to support current level fish production at Washington's fish hatcheries based on the average 4% cost increase. Though over the last ten years, fish food costs have increased an average of 5.54%, and the five-year average rate of increase is 5.02%, WDFW is asking for 4% based on the vendor contracts starting July 1, 2014.

In 2013 and 2014, WDFW requested the total increase that was needed, with a fund split consistent with 2012 expenditures by fund. However, the proportion of state expenditures has been increasing over the last few years by approximately six percent due to decreasing availability of federal funding. Therefore, WDFW currently has sufficient federal and local authority but not enough state funding. This decision package requests the total increase needed and re-aligns the fund split with anticipated expenditures based on 2014 actuals.

Increased fish food funding requested totals \$266,000 in FY 2015. See attached table for calculations.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing and are also likely to impact future biennia.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		266,000	266,000

FISH FOOD CALCULATIONS AND ASSUMPTIONS
Washington Department of Fish and Wildlife
2015 Supplemental Operating Budget Request
Attachment

Fund	Actual Expenditures	4% Projected Increase	Total Projected Need	Current Appropriation	Excess / (Shortfall) Appropriation
	FY2014		FY2015	FY2015	FY2015
001-1 GF-State	\$413,425	\$16,537	\$429,962	\$402,000	(\$27,962)
02R-1 ALEA	\$411,492	\$16,460	\$427,952	\$258,000	(\$169,952)
04M-1 Rec Fisheries	\$233,318	\$9,333	\$242,651	\$317,000	\$74,349
071-190 Warm Water	\$8,260	\$330	\$8,590	\$14,000	\$5,410
104-1 Wildlife-State	\$517,237	\$20,689	\$537,926	\$470,000	(\$67,926)
001-01 GF-Federal	\$1,976,764	\$79,071	\$2,055,835	\$2,836,000	\$780,165
001-7 GF-Local	\$2,301,837	\$92,073	\$2,393,910	\$2,637,000	\$243,090
TOTAL	\$5,862,333	\$234,493	\$6,096,826	\$6,934,000	(\$265,840)

2015-17 Biennial Budget Request	
	FY2015
001-1 GF-State	\$28,000
02R-1 ALEA	\$170,000
104-1 Wildlife-State	\$68,000
	\$266,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FB Hatcheries Utilities Cost Increase
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Washington Department of Fish and Wildlife (WDFW) hatcheries produce fish that support Washington's tribal, commercial, and recreational fisheries and that contribute to fish recovery efforts for salmon and steelhead which are listed under the Endangered Species Act. WDFW requests appropriation authority to fill the funding gap resulting from a recent 7.37% increase in utility costs. This request supports electricity, natural gas, sewer, garbage, and oil heat costs at hatcheries. Without funding to offset increased utilities, salmon and trout plants into local waters will be reduced.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		8,000	8,000
001-2 General Fund - Basic Account-Federal		24,000	24,000
001-7 General Fund - Basic Account-Private/Local		4,000	4,000
02R-1 Aquatic Lands Enhancement Account-State		39,000	39,000
04M-1 Recreational Fisheries Enhancement-State		6,000	6,000
104-1 State Wildlife Account-State		26,000	26,000
Total Cost		107,000	107,000

Package Description:

Utilities (electricity, natural gas, water, sewer, garbage, and oil heat) support production of salmon, trout, and warm water fish at WDFW hatchery facilities. This fish production supports tribal, commercial, and recreational fisheries in the State of Washington, as well as recovery and conservation programs for fish populations listed under the Endangered Species Act.

Utility expenditures are budgeted at approximately \$2.8 million per biennium. The Department has experienced an unavoidable spike in the cost of utilities cost during the 2013-15 biennium. Utilities expenditures have increased by 7.37% from FY2013 to FY2014 at WDFW hatcheries, driven by electricity and natural gas costs. This request will cover the cost increases in the 2013-15 biennium.

The Department will pay the increased utility costs in a timely manner throughout the biennium in anticipation of this supplemental package being funded. Utilities are a non-discretionary cost of fish production.

Without funding to offset increased utilities, salmon and trout plants into local waters will be reduced affecting Washington's economy. It will be necessary to develop strategies at the start of the 2015-17 biennium to address the utilities cost increases and will include negotiating salmon production reductions with treaty tribes and making trout production reductions.

Name and Phone Number of Subject Matter Expert:
 Kelly Cunningham, Deputy Assistant Director
 Fish Program, Department of Fish and Wildlife
 (360) 902-2325

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding will allow WDFW to continue to produce hatchery fish at current production levels. Washington's hatcheries provide the fisheries that people depend upon for jobs (commercial fishing and related industries), meet federal treaty obligations, support local economies (tourism, lodging, restaurants, wholesalers and retailers of recreational equipment, boats and licenses), provide family recreational opportunities, and protect Washington's fishing cultural heritage. Recreational fishing opportunities in lakes and rivers throughout the state contribute significant revenue to local and rural businesses, as well as to WDFW through license sales. The majority of salmon production at WDFW-owned hatcheries is linked to federal court orders with treaty tribes.

Performance Measure Detail

Activity:

A041Fish Production for Sustainable Fisheries

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes, this package supports numerous goals, objectives, and strategies in WDFW's 2013-15 Strategic Plan. Specifically, WDFW hatcheries' fish production support:

Goal # 2: "Provide sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences"

Goal # 3: "Promote a healthy economy, protect community character, maintain an overall high quality of life, and delivery high-quality customer service"

Does this decision package provide essential support to one of the Governor's priorities?

Yes, WDFW hatcheries' fish production supports the following Governor's Results Washington priorities:

Goal # 2: "Prosperous Economy"

Goal # 3: "Sustainable Energy and a Clean Environment"

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

Fish production benefits Washington's economy every year.

"The U. S. Fish and Wildlife 2011 Survey of Fishing, Hunting, and Wildlife-Associated Recreation" report indicated that recreational anglers in Washington total approximately 938 thousand, and fish a total of 13.4 million days, an average of 14 days per angler. Fishing expenditures in Washington for these sport fishers total approximately \$1.0 billion. (Source: U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Commerce, U.S. Census Bureau. 2011 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation. Available at: <http://www.census.gov/prod/2012pubs/fhw11-nat.pdf>.)

Commercial fishing contributes to the Washington seafood industry economic impact estimated at approximately \$3.0 billion. (Source: National Marine Fisheries Service. 2014. Fisheries Economics of the United States, 2012. U.S. Dept. Commerce, NOAA Tech. Memo. NMFS-F/SPO-137. Available at: <https://www.st.nmfs.noaa.gov/st5/publication/index.html>.)

What alternatives were explored by the agency, and why was this alternative chosen?

Utilities are non-discretionary costs of fish production and support basic hatchery operations. Use of energy-efficient lights, limited use of heat, and recycling are methods currently utilized to limit utility costs. Other long-term alternatives such as development of wind, solar, or water power would require substantially higher capital budget funding requests.

What are the consequences of not funding this package?

Utilities are a non-discretionary cost of fish production. Without funding at the end of the biennium, WDFW will be unable to meet all obligations.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Direct utility costs for electricity, natural gas, sewer, garbage, and oil heat in FY 2014 increased from FY 2013 actual expenditures by \$106,780 (7.37%). While the Department does not have FY15 bills yet, it expects level costs given that after a large spike, costs often level off during the next period.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing and are also likely to impact future biennia. A separate request is being submitted for the 2015-17 biennial budget.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		107,000	107,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FC L&I Rate Technical Adjustment
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

A technical error in the 2014 supplemental budget based on an outdated central service model fund split applied a reduction incorrectly to WDFW's Labor and Industries' (L&I) budget. The reduction was only applied to the state general fund and the State Wildlife Account without also spreading the reduction to our federal and private/local appropriations. The error resulted in too large of a reduction to our principal state funding sources. This request will align the Department's budget for L&I payments with how the bill is actually paid.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		91,390	91,390
001-2 General Fund - Basic Account-Federal		(75,473)	(75,473)
001-7 General Fund - Basic Account-Private/Local		(40,710)	(40,710)
104-1 State Wildlife Account-State		24,793	24,793
Total Cost			

Package Description:

The budget for L&I rates are applied to all agency programs and therefore we use our central service agency fund splits to pay the L&I bill. WDFW changed its fund splits for the central service model before the 2011-13 biennium began. We requested that global items be applied to our General Fund- State, General Fund-Federal, General Fund- Private/Local and State Wildlife appropriations in the following percentages.

GF-S	19.75%
GF-F	31.98%
GF-PL	17.25%
WL-S	31.02%

Every two years state agencies submit their central service agency fund splits to OFM so that global budget items are spread appropriately each biennium. For some reason the fund splits were not updated for the "91 Workers' Compensation Changes" budget item. Instead, an outdated version of the central service model was used to calculate the reduction. This error resulted in too large of a reduction to our state general fund and state wildlife appropriations, constraining our state dollars artificially for this budget item.

This decision package aligns the reduction to our L&I budget to how we pay the bill by recalculating the reduction based on our official central service model fund splits.

Name and Phone Number of Subject Matter Expert:
 Owen Rowe, Budget Officer
 Technology and Financial Management, Department of Fish and Wildlife
 (360) 902-2204

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: **A032 Agency Administration**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Does this decision package provide essential support to one of the Governor's priorities?

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

This package resolves a technical error in the 2014 supplemental budget. Correcting this issue is the only acceptable option.

What are the consequences of not funding this package?

If this technical adjustment is not corrected, activities funded by the state general fund and the State Wildlife Account will need to be reduced. This technical error has significant impact on the Department's budget by artificially reducing state authority by \$116,000 per year.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Item "91 Workers Compensation Changes"

Current budget change in 2014 Supplemental:

FY 15

GF-S	(\$138,000)
WL-S	(\$98,000)
TOTAL	(\$236,000)

If \$236,000 reduction were applied correctly by fiscal year:

Fund	Percentage	Corrected Fund Split
GF-S	0.1975	(\$46,610)
GF-F	0.3198	(\$75,473)
GF-PL	0.1725	(\$40,710)
WL-S	0.3102	(\$73,207)

Difference requested:

GF-S (\$138,000) + \$91,390 = (\$46,610)

GF-F (\$75,473)- not included in supplemental

GF-PL (\$40,710)- not included in supplemental

WL-S (\$98,000) + \$24,793 = (\$73,207)

Total \$0

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This technical adjustment is ongoing and will also be addressed in the Department's 2015-17 operating budget request.

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FD Legal Services Adjustment
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Attorney General's Office represents Washington Department of Fish and Wildlife (WDFW) in all legal matters, and the cost of this service is outpacing funds available in the central service model by more than 11%. WDFW requests additional funding to address its legal service cost increases. Sustaining these services is crucial in ensuring the Department maintains its legal representation.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		136,000	136,000
104-1 State Wildlife Account-State		198,000	198,000
Total Cost		334,000	334,000

Package Description:

The Attorney General's Office consults with and represents WDFW in all legal matters. Although WDFW's level of usage is similar to last biennium, the rate at which WDFW is billed for legal services has increased nearly 20%, from \$14,877 per attorney FTE month to \$17,797, out of alignment with the Central Service Model. At the current budgeted level WDFW will likely exhaust its authority for legal services in April 2015, two months before the biennium ends. Throughout fiscal year 2014, WDFW's legal service billings continuously outpaced its central service model apportionment, even following the Attorney General's Office rate reduction in April 2014. Funding will allow WDFW to pay its Attorney General bills fully. Resources will be deployed as soon as they are made available, through the remainder of the 2015 biennium.

Name and Phone Number of Subject Matter Expert:
 Angie Naillon, Admin Operations Manager
 Technology and Financial Management, Department of Fish and Wildlife
 360-902-2528

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Retaining Attorney General services is key to protecting and properly representing the Department on issues important to stakeholders. Maintaining WDFW's base level of legal assistance will ensure the Department receives sound guidance and continued representation for new and ongoing legal matters. In addition, OFM's central services model will accurately reflect WDFW's Attorney General costs.

Performance Measure Detail

Activity: **A032 Agency Administration**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports each of WDFW's four strategic goals, providing necessary legal counsel to 1) conserve and protect native fish and wildlife, 2) provide sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences, 3) promote a healthy economy, protect community character, maintain an overall high quality of life, and deliver high-quality customer service, and 4) build an effective and efficient organization by supporting our workforce, improving business processes, and investing in technology.

Does this decision package provide essential support to one of the Governor's priorities?

WDFW receives legal counsel and representation on a wide array of issues, many of which impact the Governor's Goal 3: Sustainable Energy and a Clean Environment. Specifically, the Department is often involved in matters related to the sub-topics of healthy wildlife and fish populations, habitat protection, and outdoor recreation. Attorney General advice and representation are key to succeeding in these priorities.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

The Department explored diverting funds designated for other purposes, but this would significantly impact existing core agency activities. Alternatively, WDFW attempted to achieve savings by utilizing fewer Attorney General services. The Department requested a decrease in its usage of Attorney General staff in 2013, but costs have continued to exceed available funds.

What are the consequences of not funding this package?

Failure to adequately fund the Attorney General's cost increases will overextend WDFW's legal services budget. Without these funds, the Department's core services will be compromised statewide, including management, conservation, and restoration activities. WDFW attempted to reduce its legal support for lower priority issues in fiscal year 2013 by requesting to one fewer attorney FTE. However, staffing levels have remained relatively steady and, as discussed above, costs per attorney FTE have increased significantly.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

According to the Attorney General's Office projections, WDFW is expected to be billed \$3,275,000 for the provision of legal services in the 2013-15 biennium. Given the current budgeted level of \$2,941,100, this is an increase of \$334,000.

WDFW's decision packages of an administrative nature typically request funds from its four major funding sources: General Fund-State, Wildlife Fund-State, General Fund-Federal, and General Fund-Private/Local. In the short-term, Federal and Private/Local funding is merely authority; the actual funds aren't generated for two years, the lag time between when new costs appear and when they are incorporated into the agency's indirect model. Thus, given the near-term nature of this cost increase, the decision package requests state funds only.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The increase in Attorney General costs are ongoing. They are anticipated to have a similar impact future biennia and will necessitate an adjustment to the central service model.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		334,000	334,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FE WILD Transaction Fee Tech Adjustmt
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Each time the Washington Department of Fish and Wildlife (WDFW) sells a recreational license or Discover Pass, a ten percent transaction fee is assessed to cover costs of operating the WILD licensing system. Growing recreational and Discover Pass sales are increasing these transaction fees at a rate that is expected to exceed WDFW's appropriation authority in the current biennium. The Department requests additional budget authority to meet these payment obligations. This funding will allow WDFW to continue using its license sales system to fulfill public demand for recreational licenses and Discover Passes throughout the state.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
104-1 State Wildlife Account-State		200,000	200,000
Total Cost		200,000	200,000

Package Description:

WDFW's licensing system, WILD, sells recreational licenses and Discover Passes to over one million hunters, anglers, wildlife viewers, and other individuals recreating on state lands each year. The vendor that operates, supports, and maintains the system is paid a transaction fee for each license or pass sale.

When WDFW sells recreational licenses and Discover Passes, a portion of the payment is remitted to the WILD licensing system vendor. Thus, as the Department sells additional licenses and passes, the transaction fees dedicated to supporting the system grow. In FY 2014, transaction fees increased nearly \$215,000 over the prior year, and FY 2015 sales may be even higher. WDFW anticipates using all of its 2013-15 biennial expenditure authority in FY 2015. This funding will allow WDFW to fully pay the licensing vendor all transaction fees it has earned. Resources are expected to be deployed at the end of the 2015 biennium.

Name and Phone Number of Subject Matter Expert:
Frank Hawley, Budget and Policy Manager
Technology and Financial Management, Department of Fish and Wildlife
360-902-2453

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Increasing WDFW's authority will allow the agency to fulfill its financial commitment to the vendor that supports and maintains the WILD system.

Performance Measure Detail

Activity: **A033Licensing**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports WDFW's strategy under Goal 2 to provide sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences, with an objective to enhance and expand fishing, hunting, wildlife viewing, and other outdoor activities. Without continued use of the WILD system, the Department's ability to recruit and retain licensees and Discover Pass holders would be compromised.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package directly supports the Governor's Outdoor Recreation indicators within the goal of Sustainable Energy and a Clean Environment. Specifically, sales of fishing and hunting licenses as well as Discover passes are simplified using the WILD system. Without it, the process would be more cumbersome and time consuming for customers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

In addition to WDFW, the WILD system is used by more than 600 retailers all over Washington to sell licenses and Discover Passes to the public on behalf of the state. This provides convenience for customers and is economically advantageous for retailers as they attract additional customers and collect dealer fees on license sales.

What alternatives were explored by the agency, and why was this alternative chosen?

WDFW could manually issue recreational licenses, but this would be cost prohibitive and result in delays for customers. Continuing to utilize the WILD system is the most reasonable approach.

What are the consequences of not funding this package?

Over one million customers purchase recreational licenses or Discover Passes through the WILD system each year. WDFW expects to utilize its current level of budget authority by May 2015. If WDFW is unable to fully pay the required transaction fee to the vendor supporting the WILD system, recreationalists would no longer be able to make license purchases, significantly impacting customers and the Department's revenue. In addition, private sector retailers would be impacted by eliminating dealer fees, which exceed \$6 million on an annual basis.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Increased expenditure authority is requested in goods and services to accommodate WDFW's financial commitment to the licensing system vendor. Given that FY 2014's transaction fees were \$215,000 higher, and FY 2015's season has started out very strong, the Department estimates needing \$200,000 of authority at the end of FY 2015.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The need for additional expenditure authority will be ongoing because license sales are anticipated to remain strong through the remainder of the 2013-15 biennium and on into the 2015-17 biennium. WDFW is including a request for transaction fee spending authority in the 2015-17 biennial budget as part of our larger Recreational Licensing System decision package.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		200,000	200,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FF Wildfire Season Costs
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Washington Department of Fish and Wildlife (WDFW) is required to pay local fire districts and the Department of Natural Resources (DNR) for their support in fighting wildfires on WDFW lands. Funding is requested for fire suppression, habitat rehabilitation, and infrastructure costs associated with wildfires occurring during FY 15 and for those fires occurring from March-June in FY 14 that were not addressed in the FY 14 supplemental fund allocation. Fire suppression and restoration funding is necessary to preserve investments in fish and wildlife habitat, to protect human health and safety, and to defend facilities and structures in affected areas of the state.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		511,000	511,000
Total Cost		511,000	511,000

Package Description:

Current base level funding was provided in the 2013-15 budget at \$130,000 annually. Wildfire season funding is used to pay local fire districts and DNR to suppress wildfires on WDFW lands and to restore habitat and replace infrastructure on fire damaged lands.

More than a dozen wildfires have impacted WDFW lands since March 2014, burning over 36,000 acres. The Carlton Complex fire in Okanogan County, the largest in state recorded history, was over 250,000 acres in size, impacting approximately 24,000 acres of WDFW lands across several wildlife areas. The Cottonwood 2 fire in Yakima County burnt 10,000 acres of WDFW lands. The Mills Canyon fire in Chelan County impacted over 2,000 acres of WDFW lands. The risk of wildfire this year is extremely high, prompting the Governor, DNR, and WDFW to impose fire restrictions on public lands.

Supplemental funding would cover costs associated with wildfires on WDFW lands, including fire suppression, habitat restoration, winter feeding, and infrastructure, such as boundary and elk fence replacement.

Fire suppression costs would be paid immediately. Habitat restoration and infrastructure work would begin as soon possible and feasible. Native vegetation seeding is often best achieved in fall and spring. Elk fencing is often critical to have in place over the winter.

Name and Phone Number of Subject Matter Expert:
Paul Dahmer, Area and Access Manager
Wildlife Program, Department of Fish and Wildlife
360-902-2480

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

WDFW's statutory responsibilities include the protection, preservation and perpetuation of fish and wildlife and associated habitat. Fire suppression activities protect people, wildlife, and habitat, and keep fires from spreading to private lands. Fire suppression and habitat restoration on WDFW public lands also protects adjacent private orchards and agricultural lands by reducing the loss of browse and forage vegetation upon which deer and elk depend. Additionally, protecting and rehabilitating wildlife habitat on public lands can reduce wildlife conflicts with adjacent landowners.

Performance Measure Detail

Activity: **A039Land Management**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package contributes directly to Goal 1, "Conserve and protect native fish and wildlife", as identified in the WDFW 2013-15 Strategic Plan. Fire suppression and habitat restoration allow the Department to manage its wildlife areas to protect diverse wildlife populations and provide compatible wildlife recreational opportunities. It also supports the WDFW mission of protecting, restoring, and enhancing fish and wildlife and their habitats.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package supports the Governor's Goal 3, "Sustainable Energy and a Clean Environment" and the Goal Topic of "Healthy Fish and Wildlife."

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Not directly.

What are the other important connections or impacts related to this proposal?

Wildfire suppression and habitat restoration of burned areas will reduce the potential for human/wildlife conflicts as well as minimize potential for wildlife mortalities this winter. Investments in public lands made by the state continue to be preserved as high quality fish and wildlife habitat and outdoor recreational opportunities for Washington citizens.

What alternatives were explored by the agency, and why was this alternative chosen?

The most expedient and efficient suppression techniques are chosen to control each fire event. Habitat restoration is not proposed for all lands burned. Some lands recover naturally over time and other areas cannot be treated effectively. Current funding is insufficient to cover these unpredictable emergency situations.

What are the consequences of not funding this package?

Wildlife suppression costs must be paid. Without funding, basic operating dollars will be diverted from core needs, such as weed control and facility maintenance. Staffing will be reduced.

Without funding, habitat rehabilitation will not occur, resulting in soil erosion into streams, loss of wildlife food and cover, and weed infestations. Fish stocks will likely be threatened. Federally listed salmonids occur in many streams and rivers adjacent to WDFW lands regularly affected by wildfires. Big game populations including elk and deer use these same lands as critical winter range habitat for food. Without habitat restoration on fire-damaged critical winter range, elk and deer are likely to seek food on private lands, increasing the likelihood of damage claims.

What is the relationship, if any, to the state's capital budget?

A separate capital budget request will be submitted to cover the costs associated with replacing infrastructure that was destroyed or damaged by fires or by large rainstorms immediately following the fires when the potential for erosion was greatly elevated. Several miles of fence burned in the Carlton Complex fire.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

WILDFIRE SUPPRESSION

WDFW pays for three types of wildfire suppression:

1. DNR charges a readiness fee for non-forested lands (shrub steppe, prairie) that WDFW owns, paid up-front at 27 cents per acre; this has averaged approximately \$50,000 per year
2. DNR charges a readiness fee for forested lands that WDFW owns, paid up-front on a per-acre and per-parcel basis; this is already in WDFW's base budget and therefore does not need new appropriation authority
3. DNR and local fire districts bill WDFW for fire suppression work on non-forested lands (DNR is responsible for suppression costs on forested state lands)

Because suppression activity is ongoing and invoices typically take several months to capture all costs for complex suppression efforts involving several entities, total costs will be higher than what is known at the time of writing this request. Currently known costs include the following: \$50,000 for the DNR non-forested lands fee (#1 above), \$491,139 for DNR's suppression activities on the Cottonwood 2 fire, and an additional \$100,324 for four additional fires. The current total is \$641,463 and is included in Object E.

HABITAT RESTORATION

Habitat restoration expenditures include the purchase and planting of native seeds and the control of noxious weeds. Costs are unknown at the time that this request is being written due to ongoing wildfire activity and the time required to assess and plan after wildfires have subsided.

TOTAL REQUEST

The total cost known at the time of this request is \$641,463. The 2013-15 biennial budget included \$130,000 for suppression costs; therefore this request is for the remaining balance of \$511,463. WDFW will provide updated figures as they become available.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

These are one-time costs, for the second supplemental budget.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		511,000	511,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: FG Maintaining Technology Access
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Washington Department of Fish and Wildlife faces increasing costs for mission-critical technologies such as Microsoft software and support, network access, and email storage. WDFW requests additional funding to maintain these essential functions for daily operations, without compromising core agency activities.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		138,000	138,000
104-1 State Wildlife Account-State		201,000	201,000
Total Cost		339,000	339,000

Package Description:

At the current budgeted level, WDFW is able to fund only a portion of some of its most basic technological tools that allow staff to perform core agency work. These basic tools include: (1) Microsoft Office software and support, (2) network access for some staff located in off-site locations, and (3) email access and storage. As the Department faces increasing costs for foundational technology tools, those that enable all staff to deliver work products, it is attempting to minimize expenditures when possible. However, even with this fiscally conscious approach WDFW is experiencing operationally-driven cost increases.

Microsoft Office software and support (\$215,000):

When WDFW's three-year Microsoft Office enterprise license agreement ended in February 2014, the agency's license costs were reset at new rates based on current licensing needs. The Department's previous licensing agreement had, for at least a decade, used a staffing count that was missing about 75 FTE and a computer count that was short by almost 200. In addition, Microsoft's server licensing options had changed, and the Department was required to modify its agreement. Microsoft Premier Support rates increased as well, which is commonly about 3% per year. Virtually all government agencies and commercial organizations use Microsoft enterprise, corporate, and software services, and, like WDFW, virtually all employ Premier Support subscriptions to maintain those environments. Lastly, Microsoft Developer Network (MSDN) is a necessary tool and reference resource for application developers and system administrators to maintain the computing environment. Not having this routine maintenance manual creates an extreme unawareness of fundamental methodologies and degrades operational effectiveness and efficiency.

Network access (\$19,000):

State IT Security impositions recently required WDFW to upgrade internet connectivity at four sites around the state to ensure staff had continued network access. Three of the four sites operated on low-cost fractional T-1 lines, which WDFW upgraded after receiving notice that CTS would no longer support these lines as of July 1, 2014, leaving the agency with no choice but to upgrade to state-managed network circuits. At the Department's Mill Creek office, WDFW had previously used a microwave link to wirelessly connect two buildings. This facilitated internet access for both sites using only one line. Unfortunately, due to a combination of the aging microwave link and obstructions that could not be removed, WDFW must now pay for internet access separately at both buildings.

Email storage and access (\$105,000):

WDFW's email costs are rising steadily month-over-month due to records retention laws and storage space needs in CTS' Vault. Although the Department has an employee education campaign underway to encourage staff not to retain unnecessary email, WDFW's storage continues to grow. Some of this, however, is undoubtedly related to the Department's extraordinary increase in public records requests and necessary litigation holds. WDFW's mailbox usage has grown as well, largely due to higher staffing levels and redesigned business processes that make greater usage of group email inboxes to distribute work. WDFW will utilize increased funding to support the costs associated with its existing technological requirements. Resources will be deployed as soon as they are made available, through the remainder of the 2015 biennium.

Name and Phone Number of Subject Matter Expert:
Roderick White, Chief Information Officer
Technology and Financial Management, Department of Fish and Wildlife
360-902-2320

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

WDFW will utilize funding to maintain these essential technical tools that allow the Department to continue its fundamental day-to-day activities. All staff require Microsoft Office products, email exchange, network access, and data storage to perform the necessary functions of their positions. Ensuring all staff have the fundamental tools to create, retrieve, share, and store information is critical to accomplishing the agency's mission.

Performance Measure Detail

Activity: A032 Agency Administration

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Maintaining access to technology is crucial in meeting nearly every strategy in the Department's strategic plan. Without it, the ability for staff to develop and share work products with one another and the public is severely constrained. Therefore, this package supports each of WDFW's four strategic goals to 1) conserve and protect native fish and wildlife, 2) provide sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences, 3) promote a healthy economy, protect community character, maintain an overall high quality of life, and deliver high-quality customer service, and 4) build an effective and efficient organization by supporting our workforce, improving business processes, and investing in technology.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package aligns with two of the Governor's goals: (1) Sustainable Energy and a Clean Environment and (2) Efficient, Effective and Accountable Government. Funding will allow WDFW to continue activities directly impacting healthy wildlife and fish populations, habitat protection, outdoor recreation, and customer satisfaction.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Not directly.

What are the other important connections or impacts related to this proposal?

Maintaining funding for technology directly supports the agency's mission, vision, and operational goals of delivering high-quality customer service, improving business processes, and making a strong commitment to core operations.

What alternatives were explored by the agency, and why was this alternative chosen?

Microsoft Office software and support

In February 2014, WDFW renewed its agreement with Microsoft to provide various licenses and support. At that time it was determined the Department had historically been undercharged for its number of staff and computers. Organizations are contractually obligated to pay license and maintenance costs based on actual staff levels.

Microsoft's server and database server licensing model and costs increased this year. WDFW practices all possible cost-reduction strategies, including but not limited to maximum use of virtual and cloud servers.

The Department has carefully evaluated transitioning to Microsoft Office 365. Office365 supports mobility operations through included cloud versions of Office, OneDrive, Exchange, and Lync, and all activity is indexed and searchable by SharePoint Online. This can provide far greater flexibility and cost savings for the agency in that WDFW can leverage that investment as opposed to paying additional costs for duplicative enterprise services.

Network access

Although maintaining internet connectivity is critical for WDFW to continue its operations, the Department considered eliminating its fractional T-1 lines after receiving notice that CTS would no longer provide support for them after July 1, 2014. That was ultimately determined to be unfeasible, and the lines were upgraded to full T-1 lines prior to the June 30th cutoff date.

For many years, the Department utilized microwave link technology to wirelessly connect the Department's two Mill Creek offices, located a few blocks apart, which offered internet access for both locations with just one line. Unfortunately, trees not owned by WDFW began to obstruct the wireless connection, and shortly thereafter, the microwave link began to fail due to age. Negotiations to trim the trees were unsuccessful, and replacement parts were unavailable since the technology largely no longer exists. Thus, these two constraints required WDFW to provide dedicated internet connections to both offices.

Email storage and access

WDFW is exploring lower cost email archive options than those provided by CTS. CTS' file storage rates, coupled with increasing storage needs, have caused WDFW's costs to rise significantly in the current biennium. However, at this time the Department is required to continue utilizing the CTS vault for email storage. It should be noted that Office365 Exchange-Online includes 100 gigabyte mailboxes and 1terabyte OneDrive storage in the cloud which could reduce Vault and related high-performance enterprise storage costs if the agency were allowed to explore services outside CTS. WDFW is also considering limiting further usage of group email boxes. The disadvantage of this approach, however, is that it limits the Department's attempts to gain efficiencies through more effective work distribution and management.

What are the consequences of not funding this package?

Funding basic technology, storage, and connectivity is crucial for WDFW to continue its core management, conservation, and preservation activities. Without these essential tools, the Department is unable to fulfill its contractual obligations, its legal mandates, or its responsibility to the public for properly managing natural resources.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

The additional expense associated with each item is as follows:

Microsoft Office Software and Support:

Microsoft Windows, Office, and SQL Licenses and Maintenance FY 15 \$160,000

Microsoft Premiere Support FY 15 \$55,000

Network Access:

Mill Creek Internet Access FY 15 \$10,000

Fractional T-1 Upgrades FY 15 \$9,000

Email Access and Storage FY 15 \$105,000

Total FY 15 \$339,000

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Because this request is in the second supplemental, all costs can be considered one-time. Another request, for the 2015-17 biennium, addresses ongoing impacts.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		339,000	339,000

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: 9F Federal Funding Adjustment
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

WDFW receives funding through the federal Pittman-Robertson (PR) Act to support work that fosters recreational hunting opportunities and from the Environmental Protection Agency (EPA) for a Puget Sound restoration grant program. WDFW plans to spend an additional \$3 million on PR projects throughout the state and to spend an additional \$5 million of EPA funding to support Puget Sound restoration projects in fiscal year 2015. The Department requests federal spending authority to fulfill the legislative intent and contractual obligations of these two federal programs.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-2 General Fund - Basic Account-Federal		8,000,000	8,000,000
Total Cost		8,000,000	8,000,000
Staffing	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY2 FTEs</u>
FTEs	.0	22.2	22.2

Package Description:

The Washington Department of Fish and Wildlife (WDFW) receives funding from over 15 different federal agencies, and federal spending comprises almost 30% of the Department's budget. In FY 14, approximately 30% of the Department's federal funds were derived from federal programs that directly support hunting and recreational fishing, such as Pittman-Robertson (PR) and Dingell-Johnson. The remaining 70% of federal funding was derived primarily from mitigation agreements and grant programs for the protection and recovery of threatened and endangered fish and wildlife. WDFW's federal funding supports native fish recovery, ecosystem restoration, fish production, fisheries management, land management, sustainable hunting and wildlife viewing, protection and recovery of threatened and endangered species, and habitat conservation technical assistance.

Federal Aid in Wildlife Restoration Act Funding:

The Federal Aid in Wildlife Restoration (Pittman-Robertson (PR)) Act distributes revenue from taxes on firearms and ammunition used for sports hunting to state wildlife agencies to support programs that are designed to enhance hunting opportunities. WDFW uses PR funding to manage and survey game populations, provide hunter education, enhance access opportunities for hunters, and manage game habitat.

WDFW fully spent its state fiscal year 2014 PR contracts and anticipates fully spending available funding in state fiscal year 2015, amounting to an extra \$3 million dollars of available federal funding and, thus, the need for increased appropriation authority.

EPA Funding:

WDFW partners with the Department of Natural Resources (DNR) to manage a Puget Sound Marine and Nearshore grant program under a cooperative agreement with the Environmental Protection Agency. The Departments align their authorities, scientific and technical expertise, and programs to co-lead implementation of marine and nearshore protection and restoration actions consistent with the Puget Sound Action Agenda and recovery of the Sound to health by 2020. Through a competitive, transparent, and coordinated subaward process, DFW and DNR invest in the following:

- an adaptive management framework of target-setting, action, evaluation, and adjustment to measure and accomplish marine and nearshore ecological improvements;
- projects that increase the effectiveness of regulation and stewardship programs;
- capital protection and restoration projects;
- programs that address high priority threats; and
- cross-cutting projects that address issues in two or more areas of emphasis.

WDFW and DNR work closely with the Puget Sound Partnership, Tribes, local and federal governments, non-governmental organizations, and other stakeholders.

The Puget Sound Marine and Nearshore Grant Program commenced in 2011 and the current cooperative agreement will expire in January 2017. The EPA is drafting a new agreement to continue the program, while requesting that the Department spend the funding provided by both agreements by September 2016. In order to complete the program within the EPA's requested timeframe, WDFW plans to spend \$3.7 million of the original funding and \$1.3 million of the new funds in FY 2015 on the following projects that restore Puget Sound marine and nearshore habitat:

- Acquire high priority shoreline habitat;
- Improve implementation of shoreline regulations;
- Provide incentives to landowners to reduce shoreline armoring;
- Prevent and rapidly respond to marine invasive species;
- Restore beaches by removing shoreline armoring;
- Analyze toxic contaminants in fish;
- Restore eelgrass beds by transplanting; and
- Deliver the results of the grant products to the Puget Sound region;

WDFW examined its FY 2014 federal expenditures, which amounted to almost one-half of the Department's federal authority. Examination of the FY 2015 planned spending revealed that the PR and EPA programs would spend more in the second fiscal year than the first. The planned increase in PR and EPA grant work in FY 2015 is likely to exceed the Department's available federal authority capacity. WDFW is requesting the additional authority now while projections indicate the need.

Name and Phone Number of Subject Matter Experts:

Federal Aid in Wildlife Restoration (Pittman-Robertson) Act:
Nathan Pamplin - (360) 902-2693

Puget Sound Marine and Nearshore Grant Program:
Patricia Jatczak - (360) 902-2597

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

WDFW will be able to continue to utilize available federal funding to conduct work that supports recreational hunting and to support programs and projects that protect and restore Puget Sound.

Performance Measure Detail

Activity: A037Ecosystem Restoration

Incremental Changes

No measures submitted for package

Activity: A038Provide Sustainable Hunting and Wildlife Viewing Opportunities

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

PR funding directly supports the following strategies:

- Finding innovative ways to improve access to public and private lands to enjoy fishing, hunting and other outdoor recreational opportunities.
- Improving the methodology for estimating status of fish and wildlife populations and harvest modeling.
- Increasing recruitment and retention of customers by improving the marketing of fishing, hunting, and wildlife watching opportunities.

The Puget Sound Marine and Nearshore Grant Program directly supports the following strategy:

- Advancing the Habitat Strategic Initiative in response to the white paper "Tribal Treaty Rights at Risk "

Does this decision package provide essential support to one of the Governor's priorities?

PR Funding supports the following priorities under Goal 3: Sustainable energy & a clean environment (Working and Natural Lands):

- 4.3 Increase participation in outdoor experiences on state public recreation lands and waters 1% each year from 2012 through 2016
- 4.3.c. Increase the number of individual fishing and hunting licenses issued from 1,710,000 to 1,780,000 licenses by 2016

The Puget Sound Marine and Nearshore Grant Program supports the following priorities under Goal 3: Sustainable energy & a clean environment (Working and Natural Lands):

- 4.4 Reduce the rate of loss of priority habitats from 1.5% to 1.0% by 2016
- 4.4.c. Reduce rate of conversion of marine and freshwater riparian habitat in Puget Sound from 0.13% to 0.10% by 2016 and provide mitigation to ensure maintenance of today's habitat functions
- 4.4.e. Increase eelgrass beds in Puget Sound from 22,600 hectares to 23,730 hectares by 2016
- 4.4.f. Increase the acreage of Puget Sound estuaries restored in the 16 major rivers from 2,260 acres between 2006 and 2012 to 5,028 acres by 2016

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

The Puget Sound Marine and Nearshore Grant Program directly supports programs and projects that implement the Puget Sound Action Agenda, and in particular, the priorities of the Habitat Strategic Initiative. The Grant Program activities also contribute to the ecosystem recovery targets for shoreline armoring, Pacific Herring, eelgrass, estuaries, and Chinook Salmon.

Investments advance six strategies in the Action Agenda:

- Focus development away from ecologically important and sensitive nearshore areas & estuaries;
- Protect and restore nearshore and estuary ecosystems;

- Protect and restore marine ecosystems;
- Prevent and respond to the introduction of invasive species;
- Effectively prevent, plan for, and respond to oil spills; and
- Cultivate broad-scale stewardship practices and behaviors among Puget Sound residents.

What are the other important connections or impacts related to this proposal?

PR funding directly supports the economic benefits conferred to the state through hunting and wildlife viewing. Because the Puget Sound Marine and Nearshore Grant Program supports the protection and recovery of Puget Sound ecosystems, it benefits economic activity that depends on a healthy Puget Sound, such as commercial and recreational fishing, and shellfish harvesting.

What alternatives were explored by the agency, and why was this alternative chosen?

The only alternative would be to submit an unanticipated receipt if additional federal contracts push the Department over its federal authority for the biennium.

What are the consequences of not funding this package?

If WDFW cannot secure sufficient authority to utilize federal funding available through these two programs, the Department would file unanticipated receipts as necessary. The only other alternative would be to suspend work on these federal contracts, which would impact hunting opportunities and WDFW's ability to support the Puget Sound Action Agenda.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Pittman-Robertson Authority:

Object detail for the PR contract is pro-rated based on the object proportions in the FY 2015 allotments. Objects J and N were treated as indirect-exempt.

Object	FY 15 Allotments	Percentage	Pro-Rated Authority Needed
A	5,037,890	48.3%	1,153,687
B	1,681,681	16.1%	385,108
C	246,781	2.4%	56,513
E	3,161,767	30.3%	724,051
G	150,188	1.4%	34,393
J	75,005	0.7%	17,176
N	80,000	0.8%	18,320
Total	10,433,310	100.0%	2,389,249
Indirect	2,647,691		610,751
Total	13,081,001		3,000,000

Estimated FTE authority is calculated by summing Object A and B totals and dividing by \$76,300 (the total annual salary and benefit costs of a Fish and Wildlife Biologist 3, one of the more common job classes working on PR projects), for a total of 20.2 FTEs.

Puget Sound Marine and Nearshore Grant Program Authority:

The Puget Sound Marine and Nearshore Grant Program budget for FY 15 is as follows:

- 1 FTE Environmental Planner 4 - program coordinator, annual salary: \$66,420.
- 1 FTE Environmental Specialist 2 - program assistant, annual salary: \$44,712.
- Total benefit costs for both positions combined is \$37,700.
- Standard costs (object E) are calculated at \$5,000 per FTE, for a total of \$10,000.
- The coordinator estimates \$500 in travel costs over the course of the fiscal year.
- The grant program plans to distribute \$4,799,700 in pass-through funding to projects that restore marine and nearshore Puget Sound ecosystems.

An infrastructure and program support rate of 25.76% is included in object E, and is calculated based on cost estimates for eligible objects each fiscal year.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

These costs are currently projected to be one-time. The Department will closely monitor spending and federal agreements throughout the next fiscal year. If findings indicate that federal spending is projected to remain elevated, WDFW will submit a 2016 supplemental request for additional federal authority.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages		1,264,800	1,264,800
B Employee Benefits		422,800	422,800
C Professional Svc Contracts		56,500	56,500
E Goods\Other Services		1,385,800	1,385,800
G Travel		34,900	34,900
J Capital Outlays		17,200	17,200
N Grants, Benefits & Client Services		4,818,000	4,818,000
Total Objects		8,000,000	8,000,000

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