

## ANALYSIS

### Department of Fish and Wildlife Hatchery Assessment

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**Analyst:** Wendy Gibson

**Request:** Acknowledge receipt of a report on the status of the fish hatchery assessment.

**Analysis:** The Oregon Department of Fish and Wildlife (ODFW) submitted a report in response to the following SB 5506 (2023) budget note:

*The Department of Fish and Wildlife is directed to procure a third-party assessment of the operations, sustainability, and climate vulnerability of state-owned fish hatcheries. The department shall present a detailed and thorough report which must, at a minimum, include the following:*

- *Funding models and financial sustainability of state-owned hatchery operations, including consideration of facility maintenance costs.*
- *An economic cost-benefit analysis that includes:*
  - *The total agency costs associated with producing hatchery fish at each facility.*
  - *The estimated economic benefits associated with production of hatchery fish.*
- *A summary of how the ecological impacts and benefits of hatchery programs on wild fish are incorporated into federal and state planning and policy making.*
- *Climate vulnerability for a sample set of state-owned hatcheries. This assessment should include:*
  - *The projected impact of climate change on the ability of each hatchery to rear and release fish.*
  - *The likely impact of climate change on the viability of, and need (augmentation and conservation) for hatchery programs.*
- *Recommendations to mitigate these impacts through hatchery program changes, such as the species of fish released, and other measures.*

*During the 2024 legislative session, the Department is directed to provide an update on the status of this report to the Joint Committee on Ways and Means. The Department shall present a completed report during the 2025 session.*

ODFW operates 33 hatcheries, of which the state owns 13. The Department submitted a report on the status of conducting a viability assessment on the state-owned hatcheries. The program has experienced growing operational costs due to inflation, aging facilities, and natural disasters. Operational costs are also impacted by increasing water temperatures. The higher temperatures lead to the need for expensive technologies, such as chillers, to maintain adequate water temperatures for Oregon's native cold-water fish. Warmer waters also increase the potential for spreading disease among hatchery-reared and wild fish. In the last three biennia, the amount of General Fund supporting the operations of state-owned hatcheries has increased 23%.

<b>FISH HATCHERY BUDGET</b>	<b>2019-21</b>	<b>2021-23</b>	<b>2023-25</b>	<b>% increase (from 2019-21)</b>
General Fund	5,246,835	5,590,668	6,465,049	23%
Other Funds ( <i>License Revenue</i> )	10,375,000	10,840,000	11,531,000	11%
Other Funds ( <i>Other</i> )	4,938,726	5,605,241	5,840,018	18%
Federal Funds	42,884,665	46,744,104	67,016,236	56%
<b>Total Budget</b>	<b>\$63,445,226</b>	<b>\$68,780,013</b>	<b>\$90,852,303</b>	<b>43%</b>

To assess the viability of fish hatcheries in Oregon, the Department reports procuring third-party vendors with specialized knowledge to conduct different assessment components. In total, ODFW is planning to administer seven contracts for the following components:

- Facilitation: Facilitate conversations on controversial issues.
- Economic: Conduct economic analysis on current operations.
- Technology: Assess technologies available for operations.
- Planning: Incorporate work into planning and policy.
- Solutions: Develop potential infrastructure solutions.
- Viability: Assess the viability of hatchery programs.
- Outlook: Assess future need for hatchery programs.

ODFW will concurrently complete an internally produced assessment of the climate vulnerability of state-owned hatcheries.

Three component contracts are reportedly under execution; the remaining four are in the procurement process. The analytical components have a completion date by summer 2024. Once completed, the Department will compile the analyses for public comment and utilize a contracted facilitator to conduct multiple public engagement activities. Additionally, the Department will engage directly with Oregon's nine federally recognized Tribes. The gathered input will be used to inform the final assessment, which the Department anticipates will be completed in time for the 2025 legislative session. SB 5506 (2023) appropriated \$1 million General Fund to ODFW to conduct the assessment.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Committee on Ways and Means acknowledge receipt of the report.

**Request:** Report on the status of the analysis conducted around the operations, sustainability, and climate vulnerability of state-owned fish hatcheries.

**Recommendation:** Acknowledge receipt of the report.

**Discussion:** A budget note included in the Budget Report for Senate Bill 5506 (2023) directed the Oregon Department of Fish and Wildlife (ODFW) to procure a third-party assessment of the operations, sustainability, and climate vulnerability of state-owned hatcheries. The Department will produce a completed report during the 2025 session that includes funding models and financial stability of state-owned hatchery operations, an economic cost-benefit analysis, a summary of ecological impacts, and climate vulnerability for a sample set of state-owned hatcheries. The budget note directs the Department to provide an update on the status of this report to the Joint Committee on Ways and Means during the 2024 Legislative Session.

ODFW reported progress in the process of procuring third-party assessments. In total, ODFW is completing seven separate contracts to meet the requirements of the budget note. The contracts are in various stages of development and will be used for facilitation services, a technology assessment, a viability assessment, an infrastructure needs assessment, an economic analysis of Oregon hatcheries, a review of the regulatory approval process, and an assessment of future needs for hatchery programs. ODFW anticipates all contracts will be awarded in the beginning of March at the latest.

ODFW expects the results of the assessments to be completed by May 2024 and a contracted facilitator will lead a public engagement process during the summer of 2024. This process will include engagement with the nine federally recognized tribes in Oregon and will share information and collectively discuss the best path forward for state-owned hatcheries.



# Oregon

Tina Kotek, Governor

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January 16, 2024

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301



Dear Co-Chairs:

## Nature of the Request

Oregon Department of Fish and Wildlife (ODFW) requests an opportunity to provide a progress report to the Joint Committee on Ways and Means on the analysis conducted around the operations, sustainability, and climate vulnerability of state-owned fish hatcheries.

## Agency Action

SB 5506 from the 2023 Legislative Session included the following budget note instructions: *The Department of Fish and Wildlife is directed to procure a third-party assessment of the operations, sustainability, and climate vulnerability of state-owned fish hatcheries. The department shall present a detailed and thorough report which must, at a minimum, include the following:*

- *Funding models and financial sustainability of state-owned hatchery operations, including consideration of facility maintenance costs.*
- *An economic cost-benefit analysis that includes:*
  - *The total agency costs associated with producing hatchery fish at each facility.*
  - *The estimated economic benefits associated with production of hatchery fish.*
- *A summary of how the ecological impacts and benefits of hatchery programs on wild fish are incorporated into federal and state planning and policy making.*
- *Climate vulnerability for a sample set of state-owned hatcheries. This assessment should include:*
  - *The projected impact of climate change on the ability of each hatchery to rear and release fish.*
  - *The likely impact of climate change on the viability of, and need (augmentation and conservation) for hatchery programs.*
  - *Recommendations to mitigate these impacts through hatchery program changes, such as the species of fish released, and other measures.*

*During the 2024 legislative session, the Department is directed to provide an update on the status of this report to the Joint Committee on Ways and Means. The Department shall present a completed report during the 2025 session.*

ODFW is in the process of procuring a third-party assessment consistent with the budget note directive. Due to the variety of skills and expertise needed to complete different components of the assessment, ODFW has initiated several contracts to procure the required information and analyses. One of contracts, which focuses on the cost and feasibility of technologies to address rising water temperatures at state-owned hatcheries, is currently in progress. Another contract has been developed with Oregon State University to assess the likely impact of climate change on the future viability of hatchery programs, and contracted work is expected to begin in January 2024. ODFW is in the process of seeking bids on four additional contracts that address the remaining components of the assessment and contracted work is expected to be completed by May 2024. ODFW is concurrently completing a climate vulnerability analysis for state-owned hatcheries that has been ongoing for the past two years. Information from that analysis will be used by contractors to inform their assessments.

In summer 2024, when results of the assessment are available, a contracted facilitator will lead a public engagement process to share information and collectively discuss the best path forward for the state-owned hatcheries.

ODFW will also be engaging with the nine federally recognized Tribes in Oregon to ensure their perspectives and interests are understood and integrated into the final assessment.

Based on the third party information, Tribal input, and public discussions, ODFW will develop a final report for the legislature serves as a blueprint for a more resilient state-owned hatchery system that continues to provide the economic and cultural benefits of robust fisheries while supporting the conservation of wild fish in Oregon.

#### **Action Requested**

Oregon Department of Fish and Wildlife requests acknowledgement of receipt of this report to the Joint Committee on Ways and Means during the 2024 regular session providing an update on the analysis conducted around the operations, sustainability, and climate vulnerability of state-owned fish hatcheries.

#### **Legislation Affected**

No legislation is affected with this request

Sincerely,



Curtis Melcher  
Director