

# ANALYSIS

## Department of Fish and Wildlife Hatchery Assessment

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**Analyst:** Katie Bannikov

**Request:** Acknowledge receipt of a report on the operations, sustainability, and climate vulnerability of state-owned fish hatcheries.

**Analysis:** The Department of Fish and Wildlife (ODFW) was directed in a budget note in SB 5506 during the 2023 session to procure a third-party assessment on state-owned hatcheries and provide a detailed report to the legislature that includes funding models, economic cost benefit analysis, summary of ecological impacts and benefits, and climate vulnerability.

The Department procured contractors for the reviews and assessments and broke the project up into three phases: information development, public involvement, and rollup.

ODFW has submitted a timely report meeting the direction of the budget note that included all required topics, in both summary and detailed form. Some key findings in the report include:

1. Operating costs of hatcheries are outpacing inflation with variable costs attributable to approximately half the budget related to personal services, fish food, utilities, and travel. Ongoing financial sustainability will rely on a combination of increased revenues and decreased costs.
2. Regional Economic Impact from state hatcheries is \$55.5 million, equivalent to 1,100 jobs, and trout fisheries account for nearly half.
3. Summer steelhead are the only species that did not provide positive net benefits in a cost-benefit analysis.
4. Estimated total cost of infrastructure needs at all 14 state owned hatchery facilities is \$180 million. This is a conservative estimate that will likely increase due to length of time to complete and engineering complexities.
5. Climate vulnerability of hatchery stock varies among species with trout being highly resilient and adaptable to spring Chinook salmon and summer steelhead being more vulnerable.
6. Alternative operational scenarios evaluated various consolidation of facilities and found that consolidation did not provide significant savings over status quo and infrastructure investments but could increase vulnerability to extreme events with less operational flexibility to absorb operational changes in response.
7. Nearly all species in all regions indicated a future hatchery need for either mitigation, harvest augmentation, or conservation reasons.

During the process to gather the information culminating in the final report, the Department posted the project timeline, hosted several webinar series and public engagement meetings, and posted all contracted reports as received on their agency webpage. The final report synthesizes hundreds of pages of data into a comprehensive summary to answer the elements as required in the budget note. Detailed appendices with full reports on each topic are attached for reference to the report.

**Recommendation:** The Legislative Fiscal Office recommends acknowledge receipt of the report.

**Request:** Report on operations, sustainability, and climate vulnerability of state-owned fish hatcheries by the Department of Fish and Wildlife.

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

**Discussion:** The Department of Fish and Wildlife (ODFW) is appearing before the committee to report on operations, sustainability, and climate vulnerability of state-owned fish hatcheries as directed by a budget note associated with Senate Bill 5506 (2023). The budget note directed ODFW to procure a third-party assessment of operations, sustainability, and climate vulnerability of state-owned fish hatcheries with a minimum inclusion of funding models and financial sustainability with consideration of maintenance costs. ODFW was directed to include an economic cost-benefit analysis that details agency costs associated with producing hatchery fish at each facility and estimated economic benefits associated with fish production at each facility. ODFW was further instructed to summarize ecological impacts and benefits of hatchery programs on wild fish, as well as a climate vulnerability assessment for a set of state-owned hatcheries.

ODFW operates 33 fish hatcheries across the state, 14 of which are state-owned. Other hatcheries operated by ODFW are owned by the federal government as well as one owned by Portland General Electric. ODFW procured seven separate contracts that comprise the third-party assessment, as well as provided outreach to the nine federally recognized tribes in Oregon. One of the ODFW contracts included a public engagement process, the outcomes of which have been posted to the ODFW website.

The report provides nine key findings: 1) operating costs for state-owned hatcheries are rising and funding has not kept pace with inflation; 2) the Regional Economic Impact of state hatcheries operations is \$55.5 million; 3) a benefit-cost analysis based on fisheries and hatchery visitors concluded benefits exceed costs at all state hatcheries; 4) some state hatcheries are expected to be resilient to climate change while others, especially coastal hatcheries, are more vulnerable and already being impacted; 5) the cost to address infrastructure needs at state hatcheries is approximately \$180 million; 6) consolidation of hatcheries could result in long-term infrastructure savings of \$4-14 million while maintaining current capacity; 7) climate vulnerability varies among hatchery stock and geography; 8) habitat restoration may improve naturally produced fish in some areas; and 9) ODFW has established a comprehensive approach to achieving hatchery program objectives while minimizing impacts on native fish populations.



# Oregon

Tina Kotek, Governor

## Oregon Department of Fish and Wildlife

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March 21, 2025

Senator Kate Lieber, 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

The Oregon Department of Fish and Wildlife (ODFW) respectfully requests permission to appear before the Joint Committee on Ways and Means to present a report on the operations, sustainability, and climate vulnerability of state-owned fish hatcheries.

### Agency Action/Background

ODFW operates 33 fish hatchery facilities, 14 of which are state owned. Collectively, these hatcheries produce over 40 million fish annually for release in Oregon rivers and lakes. Hatcheries operated by the Oregon Department of Fish and Wildlife (ODFW) provide social, economic, and cultural benefits to Oregonians by sustaining sport, commercial, and tribal fishing opportunities. Additionally, hatcheries are an important conservation tool for imperiled populations of wild fish.

The ability of ODFW to continue operating these facilities and maintain current production levels of fish is challenged by rising costs, significant deferred maintenance needs, and the impacts of climate change—including wildfire, increasing stream temperatures and disease incidence, decreasing stream flow, and reduced ocean survival of fish. ODFW's 2023-25 budget bill, Senate Bill 5506, 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.*

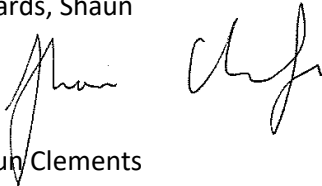
- *Recommendations to mitigate these impacts through hatchery program changes, such as the species of fish released, and other measures.*

*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.*

**Action Requested**

The ODFW respectfully request that the Joint Committee on Ways and Means acknowledge receipt of the attached report on findings from the third-party assessment of state-owned hatcheries.

Regards, Shaun

A handwritten signature in black ink, appearing to read 'Shaun', followed by a stylized flourish or second signature.

Shaun Clements  
Deputy Director  
Oregon Department of Fish and Wildlife