



Oregon

John A. Kitzhaber, MD, Governor

Department of Fish and Wildlife

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April 9, 2013



Senator Chris Edwards, Co-Chair and
Representative Ben Unger, Co-Chair
Joint Ways and Means Natural Resources Subcommittee
900 Court Street NE
Salem, Oregon 97301

Dear Senator Edwards and Representative Unger,

During our April 8, 2013 budget hearing, the Natural Resources Subcommittee of Ways and Means asked several questions. Below are the Department's responses.

Question 1. Are there particular hunting and fishing opportunities that attract non-residents to Oregon?

Currently, the Department does not have a formal method to track where non-residents hunt and fish. Based on feedback from guides, lodge operators, tourist operations, and surveys, we have a general sense of popular destinations.

Fishing: The Oregon coast remains a very popular marine fishery and attracts a large number of non-resident anglers who, possibly through a charter, are after rockfish, halibut, tuna, salmon or Dungeness crab. Many non-resident anglers take part in the salmon and steelhead fisheries on the Columbia River and frequently use local guides to book fishing trips.

Other popular rivers that draw non-resident anglers throughout the year are the famous Deschutes, McKenzie, North Umpqua, John Day, and Rogue Rivers. Inland waters like Diamond Lake, the Cascade Lakes and Owyhee Reservoir are extremely popular destinations for out-of-state fishers who enjoy trophy trout and warmwater species like crappie. The agency sells 15,000 non-resident angling licenses annually. However, most non-resident fishing license purchases are in the form of a daily license.

Hunting: Under ORS 497.112, a non-resident cap of 5% is placed on the number of controlled draw tags which limits the number of non-resident hunters who can hunt during many elk and deer seasons. General seasons such as archery, black-tailed deer, coast elk, and turkey seasons are not subject to the 5% cap.

In 2012, the Department sold approximately 16,500 non-resident hunting licenses. Hunting opportunities popular with non-residents include general deer and elk archery seasons, upland bird hunting, and waterfowl hunting. Chukar season in southeast Oregon draws hunters from



Idaho and Nevada, while waterfowl hunting is popular with non-residents in the Columbia Basin, Klamath Basin, and along the Lower Columbia River.

Question 2. What is the status of Department's efforts to implement statutory requirements to reduce energy consumption by 20%?

HB 3788, which was passed in 2001 and codified in Oregon Revised Statutes 276.915, requires state agencies to reduce year 2000 level energy consumption by 20% by June 30, 2015 (modified by HB 3612 in 2008). The standard applies to all buildings that are occupied by employees. By statute, the Department reports annually to the Oregon Department of Energy (ODOE) through monthly entry into the ODOE's reporting system. Implementing the statute has been challenging on a number of fronts including a lack of reliable baseline data, difficulty excluding energy consumption for non-office areas, and billing data that does not readily translate into the reporting standards. As a result, significant manual effort is required and has delayed documenting the 20% reduction according to the statute's specific requirements. The Department estimates energy usage for areas occupied by employees is 25-30% less than the usage reported to ODOE, because the available data does not isolate buildings occupied by employees from other facilities. We have been working with ODOE staff on strategies to address this issue.

Notwithstanding these reporting issues, the Department is committed to saving energy. In the development of our headquarters building, we have worked diligently with the project architect to create a design that exceeds State Energy Efficient Design (SEED) requirements (energy consulting engineer's report and model presently being reviewed by ODOE). The new building will have lower energy consumption per square foot compared to our current leased building with improved heating and cooling systems, Energy Efficient Fluorescent lighting, LED lighting in the Commission room and parking area, additional insulation and installation of solar panels. Similar improvements have been made at other field offices where funding opportunities have arisen. For example, our Hines office installed a heat pump in 2008 and weatherization through a 2011 grant from the American Recovery and Reinvestment Act, saving an average of 5100 KWH per year.

Question 3. What has the Department done to reduce energy consumption at hatcheries?

The Department operates 32 hatcheries, including the Oregon Hatchery Research Center. The electrical cost of these hatcheries comprises about 60% of the total utility cost for the entire hatchery program. Our hatcheries have pursued a number of efficiency projects. These projects range from installation of more energy efficient lighting and windows (e.g., Klamath, Wizard Falls, and Cedar Creek Hatcheries) to installation of a small hydroelectric facility at Oak Springs Hatchery which will sell back approximately \$1200 of power per month to the local utility. The Department continues to streamline its trout stocking program to create efficiencies in delivering fish. This involves realigning the source of the hatchery fish with the release location. Reducing the travel distance has resulted in a reduction of 10,000 miles in driving or nearly 2,500 gallons of fuel. The Department is also exploring new methods to incubate eggs to reduce energy consumption associated with chilling water. Although this incubation method has some

challenges, it has reduced the cost of pumping and chilling water at Lookingglass Hatchery saving nearly \$40,000 per year.

We have also shifted to water pumps equipped with variable frequency drives (VFD) at a number of our hatcheries. These pumps allow us to optimize our pumping to reduce our energy consumption and save money. For example, the Umatilla Hatchery converted their hatchery pumps to VFD and reduced electricity consumption by 20%, resulting in an annual savings of approximately \$18,000. Irrigon Hatchery adapted to VFD pumps with similar results. In addition, Salmon River, Nehalem, and Elk River Hatchery pumps have been adapted to soft-start controls. This type of control mechanism prevents a large power surge to operate the pumps after power outages and turning on new pumps. The result is a rate reduction due to peak loading when power is disrupted and returned or simply starting a new pump to meet hatchery demands.

Please let me know if you have further questions about any of these responses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roy Elicker', with a large, sweeping flourish extending to the right.

Roy Elicker
Director



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John A. Kitzhaber, MD, Governor

Department of Fish and Wildlife

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November 1, 2012

The Honorable Jackie Dingfelder, Chair
Senate Committee on Environment and Natural Resources
PO Box 13432
Portland, OR, 97213

Dear Senator Dingfelder:

The 2011 legislature passed SB 626 which "Directs State Department of Fish and Wildlife to undertake a study of creating Quality Fresh Waters Program". The report is due to the interim legislative Committee on Environment and Natural Resources on or before November 1, 2012.

A copy of SB 626 and the Quality Fresh Waters Program report are attached to this letter.

Should you have any questions about the report, please contact me at 503.947.6044 or by email at curt.melcher@state.or.us.

Sincerely,

Curtis E. Melcher, Deputy Director
Fish and Wildlife Programs

Attachments: Senate Bill 626 Legislative Report
Copy of Senate Bill 626



Senate Bill 626 Legislative Report
Submitted by the Oregon Department of Fish & Wildlife to the
Interim Legislative Committee on Environment & Natural Resources
November 1, 2012

Background: SB 626 directs the department to undertake study of creating a Quality Fresh Waters Program. The Quality Fresh Waters Program was discussed during the 2009 (SB 502) and 2011 (SB 626) legislative sessions. The overarching focus of the Quality Fresh Waters Program as identified in SB 626 is to develop and protect unique angling opportunities that contribute to the reputation of Oregon as a world-class angling destination. Components of the Quality Fresh Waters Program include the following:

- fish management practices (gear, season and catch)
- fish research projects
- the protection and restoration of fish habitat
- enforcement efforts

The department proposes adding one more program component; marketing and promotion of Quality Fresh Waters as informed by monitoring and evaluation of each location. Marketing efforts would include an emphasis on tourism.

In addition to using existing resources, the primary funding source for the various program components would be an increase in non-resident angling license fees, specifically for angling in waterbodies identified as Quality Fresh Waters.

The program components in SB 626 are consistent with ongoing fishery management objectives and fishery management options outlined in the department's Basin Fish Management Plans (as described in the Trout Management and Warmwater Game Fish management plans), and the 25-Year Recreational Fisheries Enhancement Plan (25-year Plan). SB 626 implementation will require oversight and coordination from the department's statewide Recreational Fisheries Program.

Actions identified in SB 626 will be incorporated in the ongoing actions related to the implementation of the 25-Year Plan and activities of the Inland Sport Fishing Advisory Committee (ISFAC). The ISFAC was developed as part of the 25-Year Plan to provide social perspectives on inland recreational fisheries management. Members of the ISFAC have expressed interest in development of diverse inland fisheries, maintaining and improving quality fisheries throughout the state and would provide public perspectives essential to the development of the Quality Fresh Waters Program.

Other state programs: An informal survey of other nearby states and British Columbia showed that for the most part, all states have some type of fishing that is specially designated as, "Quality" but it is called many different names and

encompasses a wide variety of management strategies, uses hatchery and wild fish, allows harvest in some instances, and also involves a variety of gear types. None of the western states that responded to our informal survey require a separate license or tag to fish these "Quality" waters. Most often, there are gear restrictions in place stipulating artificial flies and lures, and sometimes barbless hooks. Most quality fisheries have restricted harvest and either mandate catch-and-release or are default catch-and-release due to the high length limit. States often promote these fisheries, offering maps showing fishing locations and other supporting information. British Columbia has a rather complex program for steelhead angling that was initiated to control crowding but has become less and less effective.

Stakeholder input: Several ISFAC members testified in support of SB 626 during the 2011 legislative session at Senate Environment and Natural Resources Committee hearing. At a regularly scheduled ISFAC meeting on January 23, 2012, the Inland Sport Fishing Advisory Committee endorsed SB 626, and developed a list of criteria to consider for Quality Fresh Water Program nominations. Subsequently, the ISFAC formed a SB 626 subcommittee which met May 4, 2012 to provide additional SB 626 feedback to the department, including specific Quality Waters locations for consideration in the legislative report.

During the discussion at the January 23rd ISFAC meeting, it was noted that what is quality for one person may not be quality for another and the agency needs to define quality. The committee members were asked to write down one word to describe what they considered quality. Based on the responses it was clear that most either described it by the fish they caught, by the experience they had, or both. Below is a list of what they came up with:

Quality of Experience	Quality of Fish
Aesthetics Scenic Solitude Weather Accessible Economically viable Diversity Exhilarating Pristine Drift boat trip Low cost family packages Unique to Oregon Relaxing Good action	Big and Bright Hook-ups-per-day Edibility of Fish Trophy Fish Wild fish Native fish Anadromous fish Potential for large fish Fish per unit of effort (per mile or per hour fished)

Drafts of this report were sent to the ISFAC subcommittee for review and comment on October 3rd and October 25th, 2012. On October 15th, 2012 ODFW hosted a teleconference to solicit additional review and comment.

Quality Fresh Water Locations: In addition to meeting many of the criteria identified by the ISFAC, the preferred approach is to start with a relatively short list of locations that use existing management regulations, policy and infrastructure. Quality Fresh Water Program locations must provide a diversity of angling opportunities and cover a diversity of geographic areas. Each location would include all species present in that water body. The department proposes the following locations (see Figure 1):

- Deschutes River from the mouth to Pelton Dam at river mile 100. The Deschutes is well known for its world class rainbow trout fishery, especially during the spring “salmon fly” hatch (April to June), and for its highly popular summer steelhead fishery from July to October. Anglers are restricted to fishing with flies and lures (no bait) and not allowed to fish from a floating device. Anglers may retain two trout per day from 10” to 13” and three hatchery steelhead per day. All wild steelhead must be released unharmed.
- Owyhee River (eastern Oregon) from the mouth upstream to Owyhee Dam. This is a “two tier” fishery that provides two distinct angling opportunities at the same location. Anglers may retain five rainbow trout per day but all brown trout must be released. There is excellent public access, many anglers are from Idaho and there are abundant trophy brown trout.
- Elk River is a pristine coastal stream, just south of Cape Blanco that hosts robust runs of hatchery and wild fall Chinook and hatchery and wild winter steelhead. This beautiful river is remote, has excellent angler access and produces lots of large fish.
- North Umpqua River fly angling area from the boundary just above Rock Creek 31 miles upstream to Soda Springs Dam is a world renowned summer and winter steelhead fishery. Anglers travel from around the world to fish these pristine waters.
- Wood River and Agency Lake are located between Crater Lake and Klamath Falls and produce numerous redband trout up to 10 pounds. These scenic waterbodies are very accessible, have several boat ramps and are surrounded by an abundance of public land.

Funding: Although the bill did not limit the agency’s option to look beyond non-residents anglers to fund the program, proposals to change license fees and surcharges will be considered under a comprehensive fee increase proposal ODFW will be developing for consideration by the 2015 legislature for implementation in 2016. This proposal would include a strategy to determine what anglers would be willing to pay to fish in “Quality Waters.”

Based on the best available information, ODFW's economist developed a preliminary model to estimate financial support that could be generated from non-resident anglers to manage and possibly expand the Quality Fresh Waters Program.

Under the preliminary model, nonresident anglers would be assessed an additional fee of \$70 for a 7-day nonresident license or \$100 for an annual nonresident license to fish in any Quality Fresh Water Program location. This would increase the 7-day non-resident license fee from \$59.75 to \$129.75 and the annual non-resident license fee would go from \$106.25 to \$206.25. There would be no additional fees for anglers under the age of 18.

At present, ODFW does not discriminate between resident and nonresident status for anglers purchasing a daily license (1, 2, 3 or 4-day licenses). However, if the system were modified to determine residency, a nonresident angler purchasing a daily license could be assessed \$10 per day if they wanted to angle in one of the Quality Fresh Water locations. This would increase a 1-day daily license from \$16.75 to \$26.75.

The preliminary funding model includes the following assumptions:

- 1) **Participation rate** in Quality Freshwater locations is **5% or 10%** of all nonresident anglers
- 2) **Dropout rate** will be **20% or 40%** of Quality Fresh Water Program nonresident anglers and those anglers who choose not to fish elsewhere in Oregon
- 3) **"Annual/7-day"** applies to a nonresident annual license and a 7-day nonresident angling license
- 4) **"Dailies"** applies to nonresidents who purchase a 1, 2, 3 or 4-day angling license

Table 1. Estimated revenue from a Quality Fresh Water Program fee assessed for non-resident annual and 7-day licenses and daily licenses

	Participation rate:Dropout rate			
	5%:20%	5%:40%	10%:20%	10%:40%
"Annual/7-day"	\$84,567	\$63,541	\$169,134	\$127,082
"Dailies"	\$55,934	\$29,495	\$111,867	\$58,989
Total	\$140,501	\$93,036	\$281,001	\$186,071

Initial analysis in Table 1 show revenue gains under the low and high participation rate and dropout rate assumption for annual nonresident and 7-day nonresident licenses; nonresidents who purchase daily licenses and a total for all the scenarios. Restoration and Enhancement, Fish Screens and Fish Passage programs derive funds from surcharges on each license purchased. If fewer overall licenses were purchased because of the Quality Fresh Waters Program

(some anglers would drop out in response to the fee increase) then those surcharge based programs would end up with less revenue.

All funds received would be reinvested to maintain or improve Quality Fresh Water locations and to develop new locations. At a minimum on an annual basis, staff and revenue needed to operate the Quality Fresh Waters Program would include: 1 FTE OSP trooper for enforcement (\$125,000), 1 NRS-3 to oversee the program (\$77,000 + \$15,000 S&S), OSU interns to conduct creel surveys (\$20,000 + \$10,000 S&S) and a survey to determine angler willingness to pay and evaluate program (\$80,000). Estimated total cost on an annual basis is \$322,000. The estimated revenue needed to operate the program exceeds the maximum estimated revenue that would be generated by the program.

NOTE: There is much uncertainty in this analysis. We do not know the non-resident participation rates in individual waterbodies that would be designated as Quality Fresh Water locations. We also do not know what the customer response would be to increased fees and increased licensing complexity. When fees were raised in 2010, nonresident annual license sales dropped 36% from 2009 to 2010 in response to a 73% fee increase, or about 1% reduction in sales for every 2% increase in price (see Table 2). Assuming a similar demand response to a price changes, the Quality Fresh Water Program-related price increase (94% for nonresident annual) could result in a drop in sales of about 46%. Although demand for 7-day licenses appears to be less sensitive to price changes, there is no precedent for such a marked price increase (117%) and so sales could decrease at a faster rate than in 2009-2010.

Table 2. Non-resident (NR) annual and 7-day sales and fees from 2007-2011
(Note fee increase in 2010 and commensurate drop in sales)

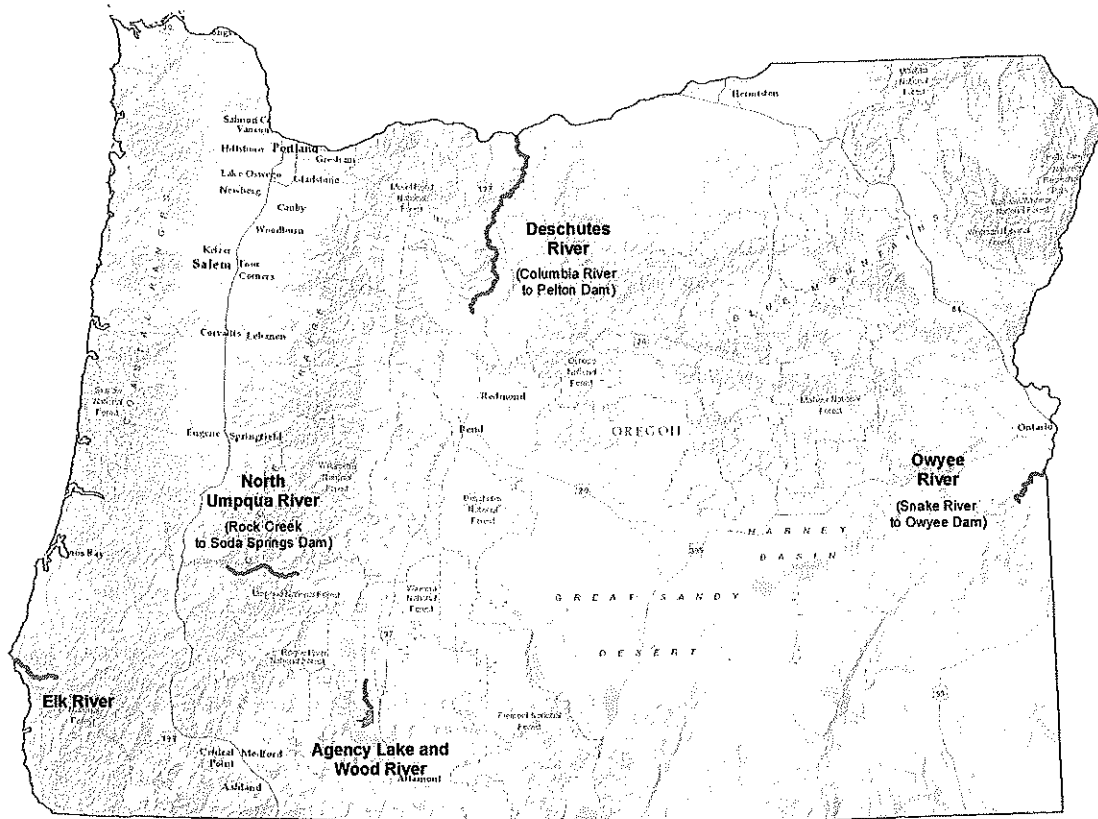
	2007	2008	2009	2010	2011	% Change 2009 to 2010	Elasticity
NR Annual Sales	23,725	21,789	22,745	14,594	14,119	-35.8%	-0.49
NR Annual Fee	\$61.50	\$61.50	\$61.50	\$106.25	\$106.25	72.8%	
NR 7-Day Sales	10,957	10,243	10,665	9,645	9,675	-9.6%	-0.26
NR 7-Day Fee	\$43.75	\$43.75	\$43.75	\$59.75	\$59.75	36.6%	

Summary and Agency Recommendation: The Quality Freshwater Program concept has the potential to diversify revenue streams and provide dedicated financial resources to existing fisheries and to the development of future fisheries. The estimated revenue (\$281,000 max) would not be enough to support to the necessary resources to manage the program (\$322,000). We do not know how many anglers fish these waters; nor do we have a firm grasp on what non-resident anglers would be willing to pay. None of the other western

states that responded to our informal inquiry have a fee-based Quality Waters Program; this may be telling. Implementation of the Quality Fresh Waters Program could discourage non-resident anglers from participating and result in a dropout rate greater than what we have estimated, thereby contributing to the downward trend in non-resident participation that has been ongoing since 2010 (see Table 2). Any dropouts will reduce income (surcharge) for the Restoration and Enhancement, the Fish Screening and the Fish Passage programs. To determine a reasonable fee structure would require an intensive survey of users at these locations and a realignment of fiscal resources.

In summary, we do not believe there would be enough revenue generated to support the program, we do not know non-resident participation rates in individual waterbodies, we do not know what customer response will be to increased fees and increased licensing complexity and using what information we have available, estimated revenue would be less than what is needed to properly support a program.

Figure 1. Proposed Quality Fresh Water Program Locations



**B-Engrossed
Senate Bill 626**

Ordered by the House June 21
Including House Amendments dated May 31 and June 21

Sponsored by Senators MORSE, ATKINSON, BATES, GIROD, DEVLIN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs State Department of Fish and Wildlife to undertake study of creating Quality Fresh Waters Program.
Sunsets January 2, 2014.

A BILL FOR AN ACT

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Relating to the Quality Fresh Waters Program.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) To the extent practicable and at no additional cost, using existing resources, the State Department of Fish and Wildlife shall undertake a study of creating a program, to be known as the Quality Fresh Waters Program, that is devoted to enhancing the ability of the department to develop and protect unique angling opportunities that contribute to the reputation of Oregon as a world-class angling destination.

(2)(a) The Quality Fresh Waters Program shall focus on the following areas:

(A) Fish management practices;

(B) Fish research projects;

(C) The protection and restoration of fish habitat; and

(D) Enforcement efforts.

(b) The department shall study how to best implement each focus area specified in this subsection within the context of the Quality Fresh Waters Program.

(3) The department shall study the feasibility of increasing the fees charged to nonresidents for angling licenses, as well as other proposals, to fund the Quality Fresh Waters Program.

(4) The department shall report the results of the study, and shall include recommendations for legislation, including but not limited to those related to a long-term dedicated funding source to implement the Quality Fresh Waters Program, to the interim legislative committees on environment and natural resources on or before November 1, 2012.

SECTION 2. Section 1 of this 2011 Act is repealed on January 2, 2014.

NOTE: Matter in boldfaced type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in boldfaced type.