

January 25, 2023

To: The Honorable Jeff Golden, Chair  
Senate Committee on Natural Resources

#### Senate Bill 65

Desert Springs is an aquaculture facility located in Summer Lake Oregon which lies approximately 70 miles due east of Crater Lake and 75 miles northeast of Klamath Falls. The heart of the operation is a natural spring which produces approx. 2.7 billion gallons of fresh water per year. This spring water is 59 degrees year-round which is ideal for growing large, healthy fish. In addition, the spring water is free of pathogens. In fact, Desert Springs has been a disease-free hatchery for over 30 years.

The trout grown at this facility has historically been delivered around the entire state and bordering states with extremely low mortality. From egg to maturity, this facility can raise a 5-6 pound trout in just 2 years. Desert Springs is now selling over 500,000 pounds of trout per year to public and private California stakeholders. This fish range between 1 and 12 pounds. Desert Springs uses no chemicals in the production of their fish. Other hatcheries are known to use such chemicals as formaldehyde and hydrogen peroxide. Desert Springs feeds a portion of its fish with vegetarian feed with no animal byproducts or fish meal. They are working toward 100% vegetarian diet for all their fish. The owner would invite any interested parties to the facility to view this unique wonder of Oregon.

The 1999 legislature passed SB 834 which created a pilot program which directed the State Department of Fish and Wildlife to spend at least 10% of its annual trout hatchery funds on trout from private aquaculture facilities. This bill sunset on June 30, 2004.

The 2005 legislature passed SB 352 which removed the sunset related to the purchase of aquaculture products from private aquaculture facilities which clarified the law moving forward. The bill states these purchases must be made if trout produced by private aquaculture facilities can be obtained at a cost equal to or lower than the cost to the department of producing trout in department owned facilities. By many accounts this program was a success, as Desert Springs was able to partner with ODF&W to deliver high quality and disease-free trout statewide between 1999 and 2020. However, citing budget cuts ODFW ended its purchasing relationship with Desert Springs in 2020.

SB 65 would increase the minimum to spend at least 20% of its annual trout hatchery funds on trout from private aquaculture facilities. In addition, SB 65 would direct ODF&W to perform an annual audit of department programs for raising fish and to report their findings to the legislature.

An annual audit would provide the transparency needed moving forward. We firmly believe that ODF&W currently sells hatchery trout at an amount that is below the cost of production. An audit was performed by the Secretary of State's office in 2003 which analyzed the production costs of 13 ODF&W fish hatcheries. The overall cost per pound of fish from these facilities between 1994-1997 (in 2001 fiscal year dollars) was \$6.16. The current cost is estimated to be at least \$8.53 per pound (This is based on using the Hatchery Management portion of the 2021-2023 budget expenditure projections).

If the more than \$8 per pound figure is accurate then the September of 2021 contract to provide fish to the US Army Corps of Engineers for a total of 831,000 pounds of fish for \$4.44 per pound represents a net loss to tax-payers/license holders of at least \$4.09 per pound. As an example, Desert Springs

provided a bid of \$5.25 per pound for the same contract and that would have saved taxpayers/licensees approximately \$2.7 million.

We believe it would be in the best interests of the public to pass SB 65. It would ensure continuation of a public/private partnership which provides disease free trout of the highest quality for Oregon's lakes and ponds.

Brad Fields

Representing Desert Springs