



March 20, 2015

SUBJECT: TRAP LIMIT PROGRAM DEPARTMENT ACCOUNTING

As required by Section 8276.5(a)(4) of the Fish and Game Code, the Department of Fish and Wildlife (Department) shall annually provide an accounting of all costs associated with the Dungeness crab trap limit program (DCTLP). The department shall use excess funds collected to reduce the cost of the crab trap limit permit fee or tag fee in subsequent years of the program.

Following the adoption of the trap limit regulations in April 2013, permit and buoy tag fees were collected and deposited into the dedicated Dungeness crab account of the Fish and Game Preservation fund (fund) and was made available at the start of the 2013-2014 fiscal year (July 1, 2013). The creation of this account is provided in Section 8276.5(e) of the Fish and Game Code: *The Dungeness Crab Account is hereby established in the Fish and Game Preservation Fund and the fees collected pursuant to this section shall be deposited in that account. The money in the account shall be used by the department, upon appropriation by the Legislature, for administering and enforcing the program.*

The following table (Table 1) displays the current number of Dungeness crab permit holders in each tier and the estimated total amount of biennial permit and buoy tag fees that have been collected as of December 31, 2014. Table 2 shows the actual fees collected as the revenue derived from all aspects of the program each FY, including the permit, buoy tags, replacement tags and appeals. This document also summarizes the Department's accounting of current costs (Table 3) and the designated allotments (Table 4) from implementation that began in the fall of 2011 through the first half of the 2014-2015 FY (as of December 2014).

Table1. Summary of estimated fees collected from permits and buoy tags as of February 2015.

Tier	Tags/permit	Number of Permitholders (Total 561)	Biennial Permit (\$1,000/permitholder)	Buoy Tag Fees Collected (\$5/trap)
1	500	60	\$ 60,000	\$ 150,000
2	450	53	\$ 53,000	\$ 119,250
3	400	56	\$ 56,000	\$ 112,000
4	350	55	\$ 55,000	\$ 96,250
5	300	56	\$ 56,000	\$ 84,000
6	250	168	\$ 168,000	\$ 210,000
7	175	113	\$ 113,000	\$ 98,875
		Subtotal	\$ 561,000	\$ 870,375
			Total Fees Collected	\$ 1,431,375

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Table 2. Revenue of DCTLP program from fees collected each FY that include biennial permits, buoy tags, replacement tags and appeals.

	FY 2012-13*	FY 2013-14	FY 2014-15**
Revenue by FY	\$ 481,183	\$ 1,102,844	\$ 17,005
Total Revenue for Period			\$ 1,601,032

*Program inception April 1, 2013

**Fees collected as of December 31, 2014

The following aspects of the program are funded by the DCTLP revenue: License and Revenue Branch (LRB) program administration, Dungeness crab fishery management by the Marine Region, and regulation enforcement by Law Enforcement Division (LED). LRB corresponds with permit holders to collect fees and distribute permits, as well as the purchase and mail-out of buoy tags and replacement tags. Other program costs include Office of General Council and Office of Administrative Hearing costs for the permit appeals process as authorized in the Fish and Game Code. For the Marine Region, the fund supports one full-time Environmental Scientist (ES) PY, who assists with management of the commercial fishery, including participation in the Dungeness crab Task Force as an ex-officio member, and providing follow-up support to the industry as a result of actions taken during the meetings. Monitoring and assessment of the fishery including effectiveness of the trap program, and pre-season crab condition testing are elements of fishery management. LED enforcement costs include dockside inspections, at-sea boat patrols utilizing both small craft and large vessels, and air services patrols to ensure compliance with the trap limit and tagging requirements. Allotments for these three functions of the Department have been set aside to cover these various costs and are taken directly from the account at the start of each FY. While Table 3 shows the ongoing actual costs of the program since implementation began through the following 2 FYs, Table 4 shows these total FY allotments along with total costs prior to the establishment of the fund, and the remaining amount after subtracting these allotment costs from the total fees collected (summarized in Table 2).

Costs from lawsuits brought on by SB369, establishing the DCTLP, are still in pending litigation and it is unclear what these additional costs will be, at this time. These litigation costs will need to be paid by the fund and an adequate fund reserve should be maintained to cover these unforeseen costs to the program.

LRB will also continue to work with permit holders in the upcoming year to ensure that the new cycle of biennial buoy tags are procured and distributed to permit holders before the start of the 2015-2016 season. Approximately \$147,586 is needed in the fund in order to procure the estimated 175,000 buoy tags for the entire commercial fleet. This amount was calculated from the \$0.73 the Department pays per tag to the vendor and includes an estimated \$20,000 for tax and mailing fees. The reserve monies in the fund could also be used to cover this cost if not all the buoy tag fees are collected in time.

The purpose of this report is to provide an up-to-date annual accounting to the Dungeness crab industry to inform them on the state of the Dungeness crab account and whether any unencumbered funds could potentially be used to lower the permit and/or buoy tag fees, specifically to determine whether these costs are on par with the funds initially requested by the Department. At this time halfway into the 2014-15 FY, the accounting shows that actual costs account for only 38% (Table 3) of the total fund, however the allotments designated to the different functions of the Department show that up to 85% (Table 4) could be spent by the end of the 2014-2015 FY.

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Table 3. Accounting of current Department costs from implementation period (Oct 2011-June 2013), FY 2013-2014 and FY 2014-2015 (as of December 2014).

Description of Department Costs	Costs to Program: Oct 2011- June 2013	Costs Fiscal Year (FY): 2013-2014	Costs FY: 2014-2015*
License and Revenue Branch	\$ 37,376	\$207,588	\$45,335
Marine Staff (Implementation and Fishery Management)	\$34,189	\$86,768	\$50,473
Indirect Labor Costs	\$13,742	\$54,099	\$27,564
Office of General Counsel Staff	\$16,624	n/a	n/a
Data and Technology Division	\$5,076	n/a	n/a
Law Enforcement Division	\$3,036	\$723	\$20,006
Total Costs for Each Period	\$110,043	\$349,473	\$143,378
Grand Total of Program Costs (including Implementation Period)			\$602,894

* Costs accrued until December 31, 2014

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Table 4. The Department costs of the DCTLP from the implementation period (see Table 2) and FY allotments for 2013-2014 and 2014-2015 periods.

Description of Department	Implementation Oct 2011- June 2013	FY 2013- 2014	FY 2014- 2015
License and Revenue Branch		\$204,502	\$190,165
Marine Region		\$113,612	\$113,612
Law Enforcement Division		\$306,295	\$319,295
Total Department Costs	\$110,043	\$638,046	\$610,072
Grand Total			\$1,358,161
Accumulated Revenue from Table 2			\$1,601,032
Reserve for Purchasing 2015-17 Buoy Tags & Impending Lawsuits			\$242,871