



Report on Organizational Alternatives

For the

Clatsop County Fisheries Project

February, 2007

Prepared by
Rodger L. Bennett

CONTENTS

| | |
|---|--------|
| Introduction | Page 2 |
| Fisheries Project Overview | 2 |
| The Clatsop Fisheries Project Task Force | 3 |
| Mission | 4 |
| Alternatives Pursued | 4 |
| Results of Discussions and Investigations | 5 |
| Conclusions | 7 |
| Recommendations | 9 |
| The Process | 10 |
| Acknowledgements | 12 |

CLATSOP COUNTY FISHERIES PROJECT

Summary Report

February, 2007

Late in 2006, The Clatsop County Board of Commissioners decided to study alternatives for the provision of administrative support for the Clatsop County Fisheries Project, known also as the CEDC Fisheries Project and as part of the Select Areas Fisheries Enhancement (SAFE) Project. The decision came at the recommendation of the Clatsop County Manager and the earlier recommendation, made as long as two years earlier, of the Fisheries Project Manager.

The County circulated a request for proposals (“RFP”) from qualified consultants to assist in investigating such alternatives and to make a report on the outcome of the investigation. A citizen task force, made up of knowledgeable local individuals, was also engaged to assist the consultant in identifying and prioritizing the alternatives and to comment on probable effects of the various choices. This report discusses the outcome of the work undertaken by the consultant, the Citizen Task Force and Clatsop County staff. It will be limited to organizational issues, probable cost impacts and items of community concern.

THE FISHERIES PROJECT

The Fisheries Project began in 1975, essentially a research effort to determine a number of possible answers to existent problems concerning the historic salmon fishery in the Columbia River estuary. Among the answers sought were: how to restore the fishery that existed prior to the installation of the dams in the Columbia River system; how to increase the survival rate of hatchery developed fish; how to manage a program so as to avoid conflict with the natural run of anadromous fish, some species of which are judged to be threatened or endangered and; how to preserve and/or restore the economic activity produced by the fishery and enjoyed by people in the area. A great deal of information on the project, its science and its results, is available on the Clatsop County site on the World Wide Web. It can be reached by visiting www.co.clatsop.or.us and clicking on the “Fisheries Project” drop down tab and on the further link tabs contained within the page. The first fish produced from the project were released into the water two years later in 1977 and releases have continued each year since, numbers released reaching as high as 6 million fish per year. Recent reports show that positive answers have resulted, with survival rates exceeding other, conventional, hatchery programs and management of the fish return has been exceedingly successful.

The project was initially sponsored in Clatsop County by the Clatsop Economic Development Council (CEDC), by the Oregon Department of Fish and Wildlife (ODFW) and by the Washington Department of Fish and Wildlife (WDFW). Fisheries scientists from both the Oregon and Washington higher education communities were active participants in the earlier years of the project, helping to conduct research and provide the science that has made the program ultimately successful. The academic community is less active now than previously, as the project has matured and become operationally successful. The project has continually enjoyed the sponsorship and financial support of

the Bonneville Power Administration (BPA), as recommended by the Northwest Power and Conservation Council (NWPCC), formerly the Northwest Power Planning Council. Most recently the NWPCC's recommendation to the BPA is for a three year grant to the project of \$5.4 million, or \$1.8 million per year, from 2007 through 2009.

THE CLATSOP FISHERIES PROJECT TASK FORCE

The County Manager, in order to gain the greatest practical knowledge of alternative opportunities, engaged the assistance and advice of a group of involved and knowledgeable Clatsop County people. He first contacted Mr. Steve Fick of Fishhawk Fisheries who helped identify a number of others to assist the consultant and the County in developing this report. The active members are:

Mr. Steve Fick, Fishhawk Fisheries
Dr. Robert Jarvis, Emeritus Professor, Oregon State University
Mr. John Lansing, Wells Fargo Bank
Mr. Skip Hauke, Astoria/Warrenton Chamber of Commerce
Mr. Loran Mathews, former member of CEDC
Mr. Jim Wells, Columbia River fisherman and President, Salmon for All
Mr. Alan Takalo, Columbia River fisherman and member, Salmon for All
Mr. Bruce Buckmaster, President, BioOregon Protein, Inc.

Others were contacted who indicated their desire to serve but who were unable to participate due to schedule commitments outside the Clatsop County area:

Ms. Joan Dukes, Vice Chair, NWPCC
Senator Betsy Johnson, Oregon State Senate
The Honorable Brad Witt, Member, Oregon State House of Representatives
Mr. Kurt Englund, Vice President, Englund Marine
Michael Morrissey, PhD, Director of Oregon State University Seafood Laboratory

Others who attended Task Force meetings and participated in the discussions were:

Mr. Jeff Whisler, ODFW
Mr. C. Sam Reeves, County Employees Local Union President.

County staff who attended Task Force meetings, provided information and participated in discussions were:

Ms. Toni Miethe, Fisheries Project Staff Assistant
Mr. Ed Wegner, Public Works/Community Development Director
Mr. Scott Derickson, County Manager

The Task Force held meetings on January 4, 18 & 31, 2007 in the Guy Boyington Building in Astoria. The first meeting was held to describe the project and to develop the agenda for further discussions and to make a program of work for the consultant and for the Clatsop County staff who assisted the Task Force. The second meeting saw the group discussing the information produced and directing the general nature of the draft report. The third meeting was held to review the draft report, suggest edits and for the Task Force to direct the preparation of the Final Report to the County Manager.

THE MISSION

The object of this report is to address the feasibility of the CEDC Fisheries becoming a private non-profit organization or being transferred to another agency. The work involves communicating with all agencies that issue permits and/or fund portions of the Fisheries operations as listed on the Project Budget documents. It involves operational advantages and disadvantages including costs, retirement, options to staff and relationships both within and without the Clatsop County community.

ALTERNATIVES PURSUED

Several organizational options became easily apparent during the course of consideration. They were:

- The formation of a new, stand alone, non-profit, special purpose corporation. This has been the option primarily considered since discussion about reorganization began more than two years ago. Fisheries Project management prepared a report in the fall of 2006 regarding relationship issues and cost implications. This option has the possibility of actually crossing over state lines and bringing all the grant funded partners into one administrative blanket.
- Transferring operations to an existing, community based non-profit. Opportunities for action on this option are limited in the Lower Columbia area. Many such non-profits have a fairly narrow purpose, advocating the interest of the particular group whom they represent. Others, like the Chamber of Commerce, are spread over many issues and hesitate to take on management of specialized and technical tasks.
- Passing administration of the Fisheries Project to one of the partner agencies – ODFW or WDFW. Such agencies have the ability to manage the technical, productive aspects of the project and are accustomed to doing so. Overhead or administrative costs for such agencies is much higher than Clatsop County's and concern has been expressed by BPA and the NWPC, the major funding source for the program, about the cost of overhead already being funded.
- Passing the operation to another willing local government agency in the Lower Columbia area. It would appear that only three other local agencies exist with the ability to perform administration – the Port of Astoria, the City of Warrenton and the City of Astoria. The Astoria City Manager has indicated reluctance, at this point in time, to take on such a project. The Port of Astoria is not a viable alternative at this time.
- Forming a new intergovernmental agency, seeking partners among the local agencies who collaborate on public policy issues within Clatsop County. This option, while time consuming to form, would bring in voices who advocate for the economic well being of the area.

- Transferring administration to an existing intergovernmental agency, in this case, CREST. This option potentially would accomplish many desired results sought in considering the mission of this report. It would spread policy making over political boundaries, including the state line between Washington and Oregon. It could protect employees' retirement programs that are in place. IGA's in Oregon are eligible to participate in PERS. In Clatsop County, however, at the present time, these attractive possibilities are not available. CREST does not participate in Oregon PERS. It is also deemed probable that CREST would be an unwilling host for the Fisheries Project. Current direction for the Council of Governments (COG) appears to oppose some of the goals and purposes of the CEDC Fisheries Project. Assimilating the Project administration into CREST could very well be difficult and time consuming.
- Continuing administration of the Project by Clatsop County. This option is well defined. It would answer the questions about project (retirement) costs and management. It would be the least work for all associated staff and would engender no transition investment costs.

RESULTS OF DISCUSSIONS AND INVESTIGATIONS

Several important facts were revealed during the course of research and interview. Some were consistent across the board, showing a broad base of knowledge, opinion or both. There were some common themes and only a few surprises.

- *CONCERN ON THE PART OF COOPERATING OR FUNDING AGENCIES*
Multiple contacts with NWPCC officials, BPA personnel and Resource Managers from ODFW and WDFW revealed no concern about the structure of the administrative agency(ies) that would provide overhead support for the Fisheries Project. All contacts nearly repeated the exact verbiage regarding the question of whether their support of the Project depended upon the continued management support of Clatsop County. "It is the viability of the project that we base our judgments on". "We are concerned only about the results and the impacts on the Lower Columbia fishery and on the affected communities".

Some comment was made upon the stability of Project staff. Clatsop County's current project operating staff is considered stable, long term and competent. There is some apprehensiveness about the potential loss of operating personnel if administration of the project would result in changes of personnel policy, conditions of work or employee benefits.

There was also widespread concern that the project does not seem to have an effective champion in the public relations arena. A comment was made that no one from Clatsop County government was present or made a comment on the recent hearings on the Project's Grant Application status at a meeting of the NWPCC held in Clackamas. The community also feels the loss of an active advocacy/advisory group who could make input to County Management and who could carry a public relations torch in the County and to the NWPCC, to both State Legislatures and to Fish and Wildlife Commissions.

- **COSTS** There is no appreciable cost difference estimated between Project operating costs under the administration of Clatsop County and a new, stand alone private non-profit. A report prepared by Project staff in the fall of 2006 revealed this estimate of repeating costs.

CEDC FISHERIES PROJECT NON PROFIT
TRANSFER

FINANCIAL IMPLICATIONS

| Cost Category | County Costs | Private Non Profit Costs |
|------------------|-----------------|-----------------------------|
| Wages | 176,280 | 163,967 |
| Health/Life | | |
| Insurance | 60,531 | 103,987 |
| FICA | 24,200 | 23,258 |
| Unemployment | 1,600 | 1,350 |
| SAIF | 6,900 | 11,300 |
| Retirement | 48,100 | 48,100 |
| PERS Bond | | |
| Payment | 32,300 | |
| Business Lines | 1,800 | 1,800 |
| Mobile Units | 996 | 996 |
| Internet | 216 | 1,056 |
| T1 Lines | 3,516 | 3,516 |
| All Risk | | |
| Insurance | 2,000 | 6,700 |
| Licenses & | | |
| Permits | 1,600 | 1,600 |
| Corporation | | |
| fees | | 135 |
| Printing/Copying | 700 | 700 |
| Portable | | |
| Services | 1,968 | 1,968 |
| Office Lease | 1,740 | 1,740 |
| Moorage | 7,400 | 7,400 |
| Indirect Costs | 25,800 | 12,325 |
| TOTAL | 397,647 | 391,898 |

- **INDIRECT COST ALLOCATION** Clatsop County “overhead” cost is quite low. Indirect cost assigned to this project is the lowest of the three agencies who receive funding from BPA. Clatsop County collects 10% of the project budget – which includes administrative support, a portion of the employment cost for the County’s Community Development Director and a share of the PERS Unfunded Liability Bond payment. This compares with the State of Oregon at 28.79% and Washington at 35.87%. The PERS Bond payments have apparently been a point of contention with Project management but the payments are apportioned over the County’s entire work force, including the people within the Project. The PERS benefit appears to be important to the staff of the Project. It is very

unlikely that a private non-profit could provide a similar retirement benefit to Project personnel.

- *ECONOMIC IMPACT OF THE PROJECT* The economic impacts of the program are huge. Literally hundreds of families receive economic benefit from the project. One economic study, prepared by The Research Group from Corvallis, Oregon, attributes 441 jobs to the lower Columbia River gillnet fishery. The same report attributes a net economic value to the CEDC Fisheries Project of \$3.4 million. A typical formula for establishing subsequent impacts says such primary industry dollars can circulate seven times within communities such as the Lower Columbia River. Under any scenario, the Project is not “just a welfare program for a handful of gill-netters”. One of the people interviewed expressed his thoughts that this notion is generally held by people outside the Astoria/Warrenton area. In depth studies have provided enough evidence to show this notion to be false. The Project contributes heavily to the local economy.
- *EFFECTS ON LIFE QUALITY* Several people have commented upon the positive effect that primary industry jobs have on the quality of life in an area. The impacts go well beyond providing enough funds for a new pickup truck or the latest version of “Xbox” for the family playroom. Crime rates, population loss, and quality public services are typical topics of casual conversation about the value of the Project. A local advocacy group, Salmon for All, commissioned a study that was published in 2005 by Irene Martin. The report documented direct links between times the local fishing industry was in distress and such community malaise as substance abuse, teen suicide, child abuse and DUII arrests.
- *PROJECT VISIBILITY WITHIN CLATSOP COUNTY* There is some feeling that funding support could be in future trouble if the local community does not show broad based support for the project. It is also felt that the Project has lost some visibility within the area. Past years have seen an advisory group who took ownership of an advocacy role and there was active promotion of the Fisheries Project. Time has seen the general population less aware of the Project’s positive impacts and its support and promotion seem to have fallen to only those directly connected to the fishing industry.

CONCLUSIONS

- The SAFE Fisheries Project is sound and viable from both a scientific and an economic point of view. The management of the program has produced high survival rates among the fish releases and extremely high harvest rates of returning fish. It is considered by all fisheries experts contacted as very well managed. Economically the Project produces a dollar return more than forty (40%) per cent greater than its cost. The spinoff benefit into the local community produces jobs, license fees, taxes, educational opportunity and ambience. As Joan Dukes of the NWPCCC put it, “It is really important to the entirety of Clatsop County.”
- Continued financial support from the BPA and the State of Oregon is critical to the survival of the Project. It is a program that partially restores the fishery that

existed before the watershed was changed by the placement of the dams. The SAFE Fisheries provides a cost effective method of managing and restoring a resource that is environmental, economic, recreational, cultural and pleasurable. The benefits spread widely throughout the Pacific Northwest, not just to the local communities and certainly not to just the commercial fishermen.

- There is no particular advantage to placing the administrative oversight of the project under the auspices of a private non-profit corporation. Investigation indicates that operating costs would be similar. Indeed, further investigation reveal that some of the costs shown in the Project staff October 2006 Report may be well on the conservative side. Costs for normal, predictable years might well be about the same as experienced within the Clatsop County administrative cloak. Such costs as insurance or legal costs can escalate dramatically during times of unusual or unexpected events – weather, disease, etc. Interviews have also shown it may be difficult to recruit a qualified and committed Board of Directors to guide the corporation. Knowledgeable people are expressing the feeling that they may already be “tapped out”.

There was earlier thought given to the idea that a private, non-profit could bring together all the administration involving WDFW, ODFW and the CEDC Fisheries. BPA has questioned whether such a collaborative approach would lower administrative costs associated with the Project. Conversation with ODFW and WDFW people does not seem to encourage further thinking along those lines. With their complex and difficult management and regulatory roles over their politically determined resource territories, it would appear that working in a three pronged partnership would add to their administrative costs rather than subtract.

- Operations could be affected by changing the organizational structure. Existing employees are felt to be at the heart of the effectiveness and the efficiency of the operational portions of the program. They are accustomed to the benefits provided by Clatsop County employment and have managed their lifestyles around them. Changing organizations could cause a loss of key people which in turn could affect the success of the program. Knowing that funding agencies speak strongly to their commitment only to the deliverables of the Project, loss of effectiveness could cause loss of funding and, potentially, loss of the Project.
- It is unlikely that other local governments in the area are willing to take on this Project independently and are reluctant to become involved in forming a new intergovernmental agency to administer the program. Local officials contacted expressed the feeling that the Project is important, needed and successful but also feel that they do not have expertise to lend to the effort. The ability resident in the area lives within Clatsop County Government. That sentiment is shared by the Astoria/Warrenton Chamber of Commerce.
- CREST, the existing Regional Intergovernmental Agency or Council of Governments (COG) is constituted with an attractive membership base but is resistant to take the Fisheries Project. The agency would have to completely restructure itself in order to administer the program.
- The Port of Astoria is not a viable option at this time.

- Assessments on fishermen and fish processors should be made mandatory. Such fees are currently voluntary or made part of processing fees. Some fishermen are accessing the program without sharing in the assessments. A method to make them universally applied and collected needs to be developed. This is considered to be not only a method to improve Project finances but to enhance relationships with funding partners.
- An Advisory Group needs to be re-constituted. It should be made up of a broad base of community members from throughout Clatsop County. It should certainly include fishermen and fish processors and should involve active, knowledgeable people who understand the economic, recreational, cultural and social issues that attach themselves to this Project. The group should be charged with monitoring operating reports, encouraging innovation and project growth, maintaining positive relationships with the BPA, WDFW, ODFW, local public and private agencies and with the people of Clatsop County.
- General sentiment among most of those who have recently given thought to the organizational aspects of the CEDC Fisheries and who have made input to this report is for the County to retain the program. There needs to be a more active program of community involvement, more leadership involvement with the relationships with the NWPC, the State Legislatures and more pro-action in the grant application process. The impacts are not restricted to the fishing communities but indeed are spread throughout Clatsop County.

RECOMMENDATIONS

- Retain the Fisheries Project within the administrative umbrella of Clatsop County.
- Institute a Fisheries Advisory Panel, made up of not fewer than seven or more than eleven people from within Clatsop County. Include individuals from various disciplines including fishing, fish rearing, fish processing, finance, education and community activism. Include the operating and funding partners (ODFW, WDFW, BPA, NWPC) as ex officio members. Give the group a clearly defined mission and assignment of responsibilities. Require them to create a strategic plan to maintain, innovate and grow the fishery. Require the same strategic plan to conduct a systematized approach to community involvement and education. Require the plan to detail a program of institutional relationship with existing funding agencies, State Legislators and with new organizational and financial partners (such as the Oregon Columbia-Pacific Economic Development District [Col-Pac EDD] and the Northwest Oregon Regional Partnership) Require regular reports to County Management and the Board of County Commissioners.
- Pursue a course of action that would result in mandatory assessments on fishermen and fish processors who take benefit from the Fisheries Project.
- Make certain that the Project is identified as a County wide project, one that benefits the entire population.

- Reinforce the relationships with key community, State and regional leaders. Make certain that the community's (very influential) State Senator and State Representative are well informed of the importance of the Project to the local community. Make certain that the Vice Chair of the NWPCC, also from Clatsop County, is kept equally well informed. Make certain they each know the vital nature of their support of the Project and how much their efforts are appreciated.
- Maintain positive relationships with WDFW officials and with Washington representatives to the NWPCC. Provide a forum for constructive dialog that will enhance Washington interest's and sense of joint benefit from the program.
- Undertake a financial planning process that will guarantee funding for the project over the long term. It appears that BPA funding is secure for the current three year cycle and the outlook is positive (at this point) for the next cycle. County – and Project – leadership needs to look beyond this time frame.

THE PROCESS

Three principal methods were used in the development of this report and its recommendations. All attempts were made to limit the scope and amount of work to the essential question of studying the economies, operating efficiencies and external relationships that would be affected by reorganizing administration of the Fisheries Program.

- *INTERACTON WITH FISHERIES PROJECT TASK FORCE* – The definition of work necessary to produce a recommendation was determined by the members of the Task Force. Considerable knowledge rests within the group, both individually and collectively. The group understood and advised upon public process, community involvement, operations of fish production, fish harvest, fish processing, economics and external relationships. The group grasped their mission, identified the kinds of data necessary for them to make recommendations and engaged in frank, clear discussions with the consultant, with County staff and with each other.
- *REVIEW OF CURRENT PUBLICATIONS* – Much has been written describing the enviro/socio/economic impacts of the Select Areas Fisheries Enhancement Project, known locally as the CEDC Fisheries Project. Much of such material was used as resource to develop awareness of the economic scope of the project, its essential history in both operating and human terms. Some of the more current published information is included with this report to help provide a feel for the reach of the Fisheries Project effects. They are:
 - *A Social Snapshot of the Columbia River Gillnet Fishery*, Irene Martin prepared for Salmon for All, September 2005
 - *Economic Impacts of the Private Non-Profit Aquaculture Association of Southeast Alaska*, The McDowell Group, May 2001

- *Executive Summary, Draft Final Report on the (Clatsop) Select Areas Fishery Evaluation Project Economic Analysis Study*, The Research Group, Hans D. Radtke & Shannon W. Davis, September 2006
- *CEDC Fisheries Project Report to Clatsop Community Development Director*, Tod Jones & Toni Miethe, October 2006
- *Clatsop County Central Services Department memo on Indirect Cost Plans*, M. L. Robinson, February, 2006
- *Clatsop County 2006-2007 Budget Special Fund Summary*
- *Project Proposal Request for FY2007FY2009 Funding – DPA-NWPCC Proposal 19930600, Select Areas Fisheries Enhancement Program*
- **PERSONAL INTERVIEWS** – Discussions were held with a number of people who are or who could be involved in the Fisheries Project. Attention was given to include current Project management staff, management personnel from both the Oregon Department of Fish and Wildlife (ODFW) and Washington Department of Fish and Wildlife (WDFW), Project monitoring staff from the Bonneville Power Administration (BPA), the Vice Chair of the Northwest Power and Conservation Council (NWPPCC) and other local governmental or agency leaders who might be involved in any organization that the Fisheries Project might spin off to. Private sector and other institutional providers were also contacted to provide validation for some of the information contained in earlier reports. Many thanks to:
 - Steve Fick, Fishhawk Fisheries and Chair of the CEDC Fisheries Task Force
 - Professor Bob Jarvis, Oregon State University
 - Mr. John Lansing, Wells Fargo Bank, Astoria
 - Mr. Skip Hauke, Astoria/Warrenton Chamber of Commerce
 - Mr. Loran Mathews, formerly of Clatsop Economic Development Council and Member, Astoria/Warrenton Chamber of Commerce Board of Directors
 - Mr. Bruce Buckmaster, BioOregon Protein, Warrenton
 - Mr. Jim Wells, Fisherman and President, Salmon for All
 - Mr. Geoffrey Whisler, ODFW Select Area and Estuary Fisheries Project Lead
 - Mr. Tod Jones, Director Clatsop County (CEDC) Fisheries Project
 - Ms. Toni Miethe, Fisheries Project Staff Assistant
 - Ms. Tracy Hauser, BPA, Fisheries Project Technical Representative
 - Mr. Ben Zelinsky, BPA, former Fisheries Project Tech. Rep.
 - Ms. Joan Dukes, Vice Chair, NWPPCC
 - Mr. Marc Miller, Lower Columbia Fisheries Manager, WDFW
 - Mr. Mark Winstanley, Seaside City Manager
 - Mr. Paul Benoit, Astoria City Manager
 - Ms. Catie Fernandez, Executive Director, Columbia River Estuary Study Taskforce (CREST)
 - Mr. John Murphey, Coast Insurance Services
 - Mr. Jeff Allen, former Executive Director, Oregon Environmental Council
 - Ms. Stephanie Foley, Research Associate, League of Oregon Cities

- Ms. Anne Berblinger, United States Economic Development Administration (EDA)
- Mr. Alan Dietrichs, Fisheries Project Field Supervisor
- Mr. Ed Wegner, Clatsop County Public Works/Community Development Director
- Mr. Scott Derickson, Clatsop County Manager

All those listed above were more than willing to share their knowledge and their evaluations of the Fisheries Project and the question of its potential Clatsop County “spinoff”. Without exception, they can be considered “straight shooters”.

ACKNOWLEDGEMENTS

It’s important to say “Thank you” to the several people who were willing to share their time and their expertise in developing this report. The members of the Task Force, already named, are at the top of the list. The others who participated in interviews added a great deal of knowledge and information, as well as quite a bit of hard work. Of particular note are:

Joan Dukes, Vice Chair of the NWPCC
Scott Derickson, Clatsop County Manager
Ed Wegner, Clatsop County Public Works/Community Development Director
Toni Miethe, CEDC Fisheries Project Staff Assistant