

2014-16 Executive Progress Report

Commonwealth of Virginia
Secretary of Natural Resources
Marine Resources Commission

At A Glance

The Marine Resources Commission serves as stewards of Virginia's marine and aquatic resources, and protectors of its tidal waters and homelands, for present and future generations.

Staffing 145 Salaried Employees, 2 Contracted Employees, 161 Authorized, and 2 Wage Employees.

Financials Budget FY 2015, \$22.39 million, 48.60% from the General Fund.

Trends

- ↓ Marine Fisheries Landings
- ↑ Oyster Aquaculture Harvest
- Marine Habitat Permits
- ↑ Inspections by Marine Police

Key Perf Areas

- Marine Police inspections
- Protection of migratory fish
- Health of key marine fisheries

Legend ↑ Increase, ↓ Decrease, → Steady

Productivity Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

Established in 1875 as the Virginia Fish Commission, the Marine Resources Commission (MRC) is one of the oldest agencies in Virginia state government. The Commission manages saltwater fishing and associated habitat, for both recreational and commercial species. Commission staff work to create and maintain sustainable fisheries for the benefit of all anglers and the ecosystem. The Agency also manages water bottoms in public trust for the citizens of the Commonwealth. The Habitat Management Division works with citizens who wish to use water areas for piers or other water-dependent projects. All management activity must balance both public and private interests. The Law Enforcement Division, known as the Virginia Marine Police, patrols the waterways to enforce applicable laws and regulations, assists citizens in need, has homeland defense duties at the Ports of Hampton Roads and is part of the State's emergency preparedness team. Primary statutory authority for the Marine Resources Commission is found in Title 28.2 of the Code of Virginia, entitled Fisheries and Habitat of the Tidal Waters.

Major Products and Services

Development of management and regulatory measures to enable both a sustainable and financially viable commercial and recreational marine fishery in the Commonwealth and to work to ensure that there is a fair and equitable allocation of all harvestable marine resources

Protection and regulation of the private use and development of the Commonwealth's coastal lands, including submerged lands, tidal wetlands and coastal primary sand dunes/beaches by maintaining a permit review process based on public interest reviews consistent with the Public Trust doctrine to fairly and timely balance private uses of State-owned submerged lands and the need to preserve habitat

Administration of a private shellfish ground lease program

Restoration of Virginia's shellfish resource through construction and maintenance of public oyster beds, transplanting of seed oysters, management of the public oyster grounds, training and promotion of hatchery-based shellfish aquaculture

Maintenance of the surveys and maps required for public oyster grounds, the Virginia-Maryland border, leased shellfish grounds, condemned shellfish areas and seed/shell plant areas, tidal waterways and shorelines, and the 28,000 acres of un-granted marshes and meadowlands

Search, rescue and public safety, including marine radio communications and dispatch services and performance of homeland security

responsibilities at the ports of Hampton Roads

Enforcement of commercial and recreational fisheries regulations at the highest levels in the Commonwealth by ensuring compliance with federal, state and interjurisdictional fishery management plans for marine fisheries, providing cooperative enforcement of federal programs on offshore fisheries and enforcing state and federal health and safety laws for marine species

Promotion of recreational fishing in the Commonwealth by administering an awards program recognizing trophy catches, public access improvement and other activities, and by the construction and maintenance of artificial fishing reefs

Administration of a complex menhaden quota tracking system as required by federal law

Customers

Customer Summary

The agency's customers include people employed in the commercial and recreational tidal fisheries industry, saltwater anglers, licensed commercial watermen, oyster ground leaseholders, shellfish aquaculturists, hatchery managers, recreational and commercial marine boat operators, all citizens who enjoy the Commonwealth's marine resources, tidal waterfront and riparian property owners, and other state, interstate and federal agencies, as well as some non-profit groups such as The Nature Conservancy and the Chesapeake Bay Foundation.

The agency's customer base has been increasing, particularly businesses and individuals requiring permits for encroachment over state owned lands and bottomlands, those involved in seafood aquaculture in Virginia's tidal waters and those participating in, or employed in, the tidal recreational fishing industry in the Commonwealth.

While some of the agency's customers are aging, particularly those in the commercial seafood industry where the average age of a commercial waterman is now in the upper 50s, we do not believe that this significantly impacts the way the agency offers services to these customers.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Agriculture and Food	Commercial Fishing Piers	17	17	Stable
Agriculture and Food	Licensed Boat Rental Facilities	11	11	Stable
Agriculture and Food	Licensed Charterboat Fishing Vessels	285	300	Stable
Agriculture and Food	Licensed Commercial Watermen in Virginia	2,872	2,872	Stable
Agriculture and Food	Licensed Offshore Commercial Fishermen	271	275	Stable
Agriculture and Food	Oyster Shucking Houses	50	50	Stable
Agriculture and Food	Recreational Users of Commercial Gear	2,325	3,000	Increase
Agriculture and Food	Seafood Buyers and Processors	309	309	Stable
Agriculture and Food	Shellfish Leaseholders	2,958	3,000	Increase
Agriculture and Food	Those Employed in the Commercial Tidal Fisheries in Virginia	10,200	10,200	Stable
Agriculture and Food	Those Employed in the Recreational Tidal Fisheries in Virginia	20,977	20,977	Stable
Consumer	Applicants for Habitat Permits	1,910	2,000	Increase
Federal Agency	Federal and State agencies	20	20	Stable
Interstate Entity	Interstate Compact Organizations	2	2	Stable
Local or Regional Government Authorities	Number of Tidewater Localities	46	46	Stable
Natural Resources and Earth Science	Acres of Submerged Aquatic Vegetation Managed	1,472,000	1,472,000	Stable
Natural Resources and Earth Science	Acres of Virginia's Tidal Wetlands Managed	213,686	213,686	Stable
Natural Resources and Earth Science	Miles of Tidal Shoreline in Virginia	10,120	10,200	Stable
Natural Resources and Earth Science	Shellfish Leases	5,330	5,400	Increase
Natural Resources and Earth Science	Square Miles of the Commonwealth's Water Surface Area	2,300	2,300	Stable
State Agency(s),	Commission Board Members	9	9	Stable

State Agency(s),	Employees of the Marine Resources Commission	159	159	Stable
------------------	--	-----	-----	--------

Finance and Performance Management

Finance

Financial Summary

The agency's budget as passed by the 2014 Session of the General Assembly includes a total of \$22,613,067 in funding for FY 2015 with \$11,694,600 from the State's General Fund and the remainder of \$10,918,467 in Non-General Funds and \$22,626,292 in FY 2016 with \$11,702,889 from the State's General Fund and \$10,923,403 in Non-General Funds.

The Governor's budget proposal for MRC recommended several funding changes, all of which were completely endorsed by the 2014 Session of the General Assembly. The agency received a variety of General Funding for the 2014 – 2016 biennium as follows: \$20,575 year one and \$34,205 year two for rent increases for agency headquarters, \$7,873 per year to cover increased Automobile Insurance Liability coverage costs, (\$347) year one and \$9,713 year two for information technology and telecommunications costs, \$4,443 year 1 and \$6,042 year 2 for agency costs for new Cardinal State Accounting program, (\$2,642) both years for a reduction in Line of Duty premiums, \$1,081 per year for cost of Performance Budgeting system changes, \$255,200 each year to fund the cost of four of the agency's Marine Police positions currently held vacant due to escalating support costs for vehicles and gasoline and supplies, \$557,666 per year for Central Appropriation distributions primarily for increased personal service costs and reductions in monies appropriated for Virginia's costs of Tangier Seawall Project as the costs for 2014 – 2016 biennium are much less than the cost share paid in previous biennium.

The agency also sustained a General Fund reduction of \$144,520 from the agency's Marine Dispatch Center budget. These lost funds were replaced by Commonwealth Transportation Funds (CTF) which previously funded the base budget of the agency Artificial Reef Program. The agency Dispatch function, previously funded by both General and CTF funds is now completely funded with CTF. To maintain the Artificial Reef Program, monies were appropriated from agency revenue derived from the sale of Saltwater Recreational Fishing Licenses.

Non-general fund changes were made in several areas to include small housekeeping matters and a description of substantial adjustments follow. The agency's Oyster Replenishment program is not currently receiving federal grant dollars and this is now reflected in the programs base budget and the base budget of Habitat Management more accurately reflects the amount of yearly revenue collected from various Habitat fees. A small increase of \$30,000 per year was made to reflect increased non-general fund costs of agency licensing function, a part of the agency's Administrative program.

There were several changes to the agency budget as a result of the 2015 Session of the Virginia Assembly. Beginning in FY 2015 the agency permanently lost an additional \$75,000 in General Funding from the Law Enforcement Division budget. \$75,000 in non-general funds from the Saltwater Recreational Fishing License Fund were transferred from the Artificial Reef Program budget to replace the lost General Funds. The Reef Program budget was reduced from \$144,520 to \$69,520 when the one remaining staff person retired. Program services are expected to continue at the same level using the expertise of several existing Fisheries Management Division employees. The Law Enforcement Division sustained a one-time General Fund reduction in FY 2015 of \$592,654. Core services were maintained by the use of a variety of Non-General Fund sources. A permanent reduction of \$550,000 in General Funding from the Law Enforcement Division budget was also proposed beginning in FY 2016. To maintain existing services an increase in the Saltwater Recreational Fishing License was proposed for calendar year 2016 and was expected to raise \$550,000 in revenue to replace the lost General Funds. The General Assembly returned \$550,000 in General Funds to the agency budget and left the purchase price of Recreational Saltwater Fishing License at 2014 levels. Lastly, the agency's Federal Fund appropriation was increased by \$365,800 and 3 new federally funded FTE were added to cover the start-up and initial operational costs of NOAA transferring the responsibilities for Virginia's portion of the existing Marine Recreational Information Program to the Virginia Marine Resources Commission.

The agency's base budget continues to include \$2 million per year in General Funds for oyster restoration work and the agency received, beginning July 1, 2014, General Funds to fill four of its vacant Marine Police Officer positions, held vacant due to rising support costs for the MRC Law Enforcement Division.

Non-GF revenues, from license sales, etc. continue to fund key agency regulatory and enforcement functions. Due to a \$421,000 reduction in General Funding in Habitat Management, an equal amount of monies are required from the Waterways Improvement Funds (WIF) to fund the costs of employees' salaries. Revenue received in the WIF is quite variable each year, currently only three or four years of funding are available to fund permanent staff positions, cover unbudgeted Division expenses and to purchase needed equipment for both the Habitat Management and Engineering and Surveying components of this Division.

MRC anticipates that the agency may experience federal budget reductions in future years. Federal monies for oyster restoration have already been eliminated. The Agency believes that the Law Enforcement Division will be most impacted by federal reductions, as Federal Joint Enforcement Agreement monies provide the only source of funding to purchase needed equipment to support our Marine Police function.

Fund Sources

Fund Code	Fund Name	FY 2015	FY 2016
0100	General Fund	\$11,694,600	\$11,558,369
0200	Special	\$100,000	\$100,000
0223	Public Oyster Rocks Replenishment	\$100,000	\$100,000
0245	Marine Fishing Improvement Fund	\$838,856	\$838,856
0249	Va Saltwater Recreational Fishing Development Fund	\$4,963,782	\$4,968,718
0280	Appropriated Indirect Cost Recoveries	\$179,944	\$179,944
0410	Highway Maintenance And Operating Fund	\$313,768	\$313,768
0900	Dedicated Special Revenue	\$10,000	\$10,000
0916	Marine Habitat And Waterways Improvement Fund	\$1,347,117	\$1,347,117
1000	Federal Trust	\$3,065,000	\$3,430,800

Revenue Summary

Agency revenue collections have taken on increasing importance as core programs such as Fisheries Management and Law Enforcement have lost General Funding and have maintained services, with the approval of the Administration and the General Assembly, by replacing these lost General Funds by using a variety of non-general fund revenues. In the table above, Fund Code 0410, Highway Maintenance and Operation Fund/Commonwealth Transportation Funds (CTF) are un-refunded motor fuel taxes from gasoline used in motor vessels, Fund Code 0916, Marine Habitat and Waterways Improvement Fund are all types of habitat permit and royalty fees, Fund 1000, Federal Trust (FT) amounts are the best estimates of grant monies that will come into the agency from the Department of Commerce - NOAA and the Law Enforcement arm of the NMFS. The largest amount of federal monies come from the Department of the Interior as Wallop-Breaux. The agency collects a variety of Special Funds (SF), shown as Fund Codes beginning with the numbers "02". Fund Code 0223, based on action taken by the 2013 General Assembly and effective July 1, 2013, holds revenues from the sale of Oyster Resource User Fees, which replaced the old Oyster Tax Collection System which was abolished at the same time. Fund Code 0223 currently shows a \$100,000 figure reflecting the anticipated yearly revenue to be collected from the now-abolished Oyster Tax System. The revenue estimate should increase from \$100,000 to \$300,000 per year, to reflect the actual amount of revenue expected to be collected from the newly established Oyster Resource User Fee. Fund Code 0245 contains monies from the sale of all types of Commercial Fishing Licenses, Fund Code 0249 contains monies from the sale of Recreational Saltwater Fishing Licenses and Fund 0280 contains Indirect Costs collected as a result of Grants and Agreements the agency has with the Federal Government.

Performance

Performance Highlights

The 2013 Virginia oyster harvest was the largest since 1989. Over the past five years, the total oyster harvest – including privately leased oyster grounds and oyster farming operations – has grown from 95,000 bushels in 2008 to 408,000 bushels in 2013. That's an increase in dockside value from \$3.5 million to \$16.3 million in just the past five years. The total harvest is projected to increase to roughly 550,000 bushels by the end of 2015. Current estimates are that 530,000 bushels of oysters will be harvested in 2014. If this estimate is accurate, this will be the largest oyster harvest in the Commonwealth in 25 years.

The Virginia Marine Police were issued perfect marks in 2010, 2011, 2012 and 2013 by the U. S. Food and Drug Administration for its outstanding enforcement of shellfish harvesting rules and regulations ensuring that Virginia oysters meet all applicable safety laws and regulations and as such do not endanger the oysters' end consumers.

The increase in the bushel amounts of oysters being available and harvested has called for extreme vigilance by the Marine Police to deal with an epidemic of oyster poaching. In the three- year period between 2011 and 2013 the Marine Police issued 511 summonses relating to oysters, nearly three times the summons issued in the prior three years. These increased enforcement efforts will continue into this biennium, as will patrol efforts dedicated to oyster sanctuaries.

The Marine Police have a newly-established Dive Team, with eight members, comprised of two team members from each of the agency's four designated Law Enforcement areas. The team works with localities and State and Federal agencies as requested. Of special note is the teams' performance in varied search and rescue activities in Virginia's waters and missile recovery work on the Eastern Shore. Also used in these activities is the agency's second, state-of-the art, side scan sonar.

Also newly created by the Marine Police is a Critical Incident Response Team, also comprised of eight officers, who are highly trained in professional investigation techniques in areas relating to search and rescue and accidents.

The Agency is being more active in reducing the stock of non-native blue catfish in the Virginia's western shore tidal waters. In some rivers, this species accounts for 75% of the fish biomass, and has displaced or reduced many important native species such as river herring and shad. In addition, blue catfish are voracious apex predators that are also linked to predation on blue crab. The Commission is helping the commercial

industry harvest and process blue catfish that measure 12 to 30 inches, as a way to reduce the proliferation of this species.

As a pro-active step, the Agency has begun work on a project to facilitate State responsibility for the collection of recreational finfish data, as part of the Marine Recreational Improvement Program (MRIP) established by the National Marine Fisheries Service. If this project is approved by the Atlantic States Marine Fisheries Commission (ASMFC) the Agency would hire and supervise field and office personnel who would collect and organize fisheries data collected from fishing trips that land in Virginia. The 2015 General Assembly session added \$365,800 in Federal Fund appropriation and 3 Federal Fund FTE to the agency base budget beginning in FY 2016 in support of this effort.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
40250508.001.001	Acres of oyster reef construction, oyster bar reconstruction and maintenance done in a calendar year	Oyster Replenishment	Maintaining
40250503.001.003	Average cost per inspection by Marine Police Officers each fiscal year	Cost efficiency of enforcement	Maintaining
40251002.001.001	Average number of days required to fully process a shellfish lease application		Maintaining
40251001.001.001	Average number of days required to process a joint permit application		Maintaining
40250503.001.001	Average number of inspections (seafood, licenses, safety, etc.) by Marine Police Officers per fiscal year	Marine Police inspections	Maintaining
40250501.001.002	Percentage of 8 key migratory species that are not overfished in Virginia each calendar year based on yearly quota targets and landings data	Protection of migratory fish	Maintaining
40250507.001.002	Percentage of healthy stocks of 10 selected economically important saltwater species in a calendar year - to include 7 distinct different finfish, clams, oysters and blue crabs	Health of key marine fisheries	Maintaining
40250506.001.001	Tonnage of all material placed on permitted saltwater fishing artificial reef sites per year		Maintaining

Key Risk Factors

There are several agency responsibilities that remain underfunded and existing employees continue to absorb additional duties: State-owned bottomlands above the Fall Line, Eastern Shore marshes, aquaculture, finance and contracting, search and rescue, patrol work, homeland defense, emergency preparedness, interstate and quota based fisheries management, and complex conservation efforts for an ever-increasing number of finfish species. This additional workload will become more problematic as many long-term employees with much institutional knowledge are expected to retire in the next three to six years.

The use of non-general fund (NGF) revenue from the sale of licenses, permit and dredge fees now replace General Fund (GF) dollars lost in budget reductions. Many key management and regulatory functions are now dependent on less stable sources of funding. This reduces the agency's ability to use these NGF for the purpose intended, such as: fishery research, surveys, monitoring, and stock assessments that provide the information to support MRC management and regulatory work that ensure Virginia's full compliance with fishery plans from the interstate regional fisheries management organizations, and for projects to remove waterways obstructions from Virginia's tidal waters.

The agency has lost federal support for oyster restoration work and has lost the federal monies that supported fisheries management and regulation work for decades, and is expecting other federal funding reductions in programs that support marine law enforcement and fisheries.

In addition, shell cultch, the basic building material for public oyster bed restoration and for private aquaculture production is becoming increasingly scarce and much more expensive. Trials are underway to see if alternate types of substrate can be used in lieu of shell cultch. Results on this are not yet available.

The agency also had a significant reduction in the Law Enforcement state budget that was not replaced with NGF support. In addition to the budget loss, the Agency's costs for fleet vehicles and gasoline have significantly increased. A Joint Enforcement Agreement (JEA) between MRC and the National Marine Fisheries Service which has been in force for approximately the last 12 years provides the only stable source of funding for the agency Law Enforcement Division to purchase equipment, primarily boats, trailers, motors, and vehicles. Reductions in JEA funding are expected to gradually take place. Coupled with other budget reductions and steadily rising support costs for our Marine Police Officers, providing and maintaining core management, regulatory and enforcement services has become much more challenging as has providing the equipment needed to support the Law Enforcement Division.

Agency Statistics

Statistics Summary

The following table provides a snapshot of the most recent key statistics related to agency operations.

Statistics Table

Description	Value
Pounds of seafood landed commercially in Virginia in 2013	368,478,051
Number of licensed commercial fishermen	2,872
Number of licensed or registered recreational fishermen	208,756
Number of commercial harvest reports received	206,443
Number of biological samples taken	25,182
Number of trophy fish citations issued	6,176
Number of fish tagged by volunteer anglers	16,674
Number of artificial reefs	23
Acres of tidal wetlands managed	213,686
Number of shellfish leases	5,330
Number of environmental habitat permit applications	1,910
Number of miles of shoreline patrolled	10,120
Number of Marine Police inspections	322,261
Number of summons issued	1,226

Management Discussion

General Information About Ongoing Status of Agency

The agency places great emphasis on the review of its regulatory programs and will continue to focus on minimizing regulatory burden that inhibits normal business operations.

The Marine Resources Commission (MRC) expects increased involvement of federal and interstate organizations in the resource management process, with a trend toward increased fishery regulations and resource data collection and monitoring in a multispecies ecosystem context, which will require substantially more science and information than is currently available. Of particular interest will be new regional management guidance on the taking of menhaden, which may pose significant financial hardship for the Commonwealth, as well as recommendations on blue crabs, sturgeon, summer flounder, striped bass and sea mammals.

As Virginia's blue crab stock has declined in abundance since 2011, more efforts will be devoted to management and regulations aimed at reversing this trend. The ASMFC has established an addendum to its striped bass management plan, effective in 2015, which mandates a 25% reduction in commercial and recreational harvest amounts over 2013 harvest. In 2014, the Agency maintained the same size and possession limits for summer flounder, however an ASMFC change means that Virginia's stock will be managed with that of Maryland and Delaware.

The MRC will continue its efforts to restore Virginia's oyster resources and to work with increasing aquaculture activities for various shellfish species.

The Marine Police expect an increased responsibility for homeland defense at the Ports of Hampton Roads, as well as continued search and rescue work and 24 hour, 7 day a week coverage of the waterways served by MRC. As the Virginia's oyster resource continues to improve, there will be a growing need for the protection of that resource from poaching from public waters and condemned shellfish areas. The Virginia Marine Police placed, and will continue to place, a priority on enforcement in these areas.

With the huge success now occurring with Virginia's oyster industry, the agency expects to see an increased emphasis on regulation and enforcement, with the agency's efforts needed to comply with federal National Shellfish Sanitation Program mandates and to ensure that the State's oyster stock is safeguarded.

For Habitat Management, the number of requests for habitat permits is expected to grow commensurate with population increases and development in Tidewater, generating an increased need to balance both the public and the private interests of the marine resources of the state.

The Commission, in cooperation with the Department of Conservation and Recreation and Virginia Institute of Marine Science (VIMS), will develop integrated guidance for the management of tidal shoreline systems to provide a technical basis for the coordination of permit decisions required by any regulatory entity exercising authority over a shoreline management project.

The ASMFC has imposed a new requirement to monitor a menhaden quota implemented by ASMFC in 2013 and this represents a 20% reduction in harvest for Virginia and results in a economic loss for the industry. The agency continues its efforts to establish a take reduction plan for the endangered sturgeon and expects substantial economic impacts to the gill net fishery once the plan is finalized by the National Marine Fisheries Service.

Information Technology

The Commission has been rebuilding its suite of business applications in a web based development environment for eight years and at the beginning of 2012 completed its rebuild of all applications. Completion of application renovation tasks has provided the agency with more opportunity to offer additional citizen web access to agency data and business applications.

All agency IT activities are very modest out of financial necessity, and are always directly aligned with the agency mission, goals, and objectives. We believe our low cost approach to application development has business value primarily in operational efficiency and attainment of strategic goals of the Agency, but in doing so they also contribute to improving and maintaining constituent service levels in an era of increasing demands and relatively limited personnel.

As of March 2012, stable funding for full participation in the VITA-NG Partnership has been worked out by the addition of \$280,000 to the agency base budget. The IT changes planned for the next biennium are enhancements or desired functionality that will be added using primarily in-house staff. The agency does not anticipate any IT investments beyond in-house staff and VITA Service Fees during the upcoming 2014-2016 budget biennium.

Workforce Development

The MRC has quite a number of long-term employees who have an impressive amount of institutional knowledge and understanding of agency policies and history. Approximately 52% of MRC staff are 50 years or older and 25% of the agency staff has more than 20 years of State service. About 18% of current staff are eligible for an unreduced retirement and three of these staff are top managers of agency programs. Over the next five years, 34.3% of the agency workforce will be eligible for an unreduced retirement. This percentage includes most of the top administrators of agency programs at MRC.

Staffing in the Fishery Management, Law Enforcement Division and Administration and Finance Division has been impacted by turnover and vacancies. More competitive salaries offered by other local, state and federal positions contribute to this turnover. Budget still impedes the agency's ability to deal with these continuing compensation issues and we continue to work to find creative ways to deal with this situation.

MRC has worked diligently to ensure that succession planning is in place so that the functions done by these key management positions and long-time employees can continue without any disruption to agency staff and clients. Loss of highly competent workforce will be significant, however in most divisions there do currently exist knowledgeable and experienced staff who could, with some training, make a smooth transition into the positions of those that will be leaving.

Physical Plant

With the exception of the agency-owned Marine Police Operations Station at the Newport News Small Boat Harbor, the Commission leases all office space through a centralized state leasing program. In 2012, the Commission renewed its leasing agreement for the agency headquarters in Newport News.
