

2016-18 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 146 Salaried Employees, 8 Contracted Employees, 163 Authorized, and 0 Wage Employees.

Financials Budget FY 2017, \$23.84 million, 50.45% from the General Fund.

Trends	➔ Health of key marine fisheries	Key Perf Areas	➔ Health of key marine fisheries
	➔ Habitat permit application processing time		➔ Habitat permit application processing time
	➔ Marine Police inspections per officer		➔ Marine Police inspections

Legend	⬆ Increase, ⬇ Decrease, ➔ Steady	Productivity Legend	⬆ Improving, ⬇ Worsening, ➔ Maintaining
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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 marine 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

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	38	40	Stable
Agriculture and Food	Licensed Boat Rental Facilities	8	10	Stable
Agriculture and Food	Licensed Charterboat Fishing Vessels	239	250	Stable
Agriculture and Food	Licensed Commercial Watermen in Virginia	2,846	3,000	Stable
Agriculture and Food	Licensed Offshore Commercial Fishermen	234	250	Stable
Agriculture and Food	Oyster Shucking Houses	44	50	Stable
Agriculture and Food	Recreational Users of Commercial Gear	1,923	3,000	Increase
Agriculture and Food	Seafood Buyers and Processors	277	300	Stable
Agriculture and Food	Shellfish Leaseholders	2,612	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	2,017	2,500	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 Lands 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	163	163	Stable

Finance and Performance Management

Finance

Financial Summary

The budget for the Marine Resources Commission (MRC), as approved by the 2017 General Assembly Session for the biennium was \$23.8 million the first year and \$25.0 million the second. General Funds comprise roughly 51 percent of the total agency budget. The remaining 49 percent is comprised of a variety of non-general funds: Special Funds (monies from the sale of a variety of fishing licenses) – 28 percent, Commonwealth Transportation Funds (unrefunded motor fuel tax for boats) – one percent, Dedicated Special Revenue – six percent (Habitat permit and dredging fees) and Federal Funding – 14 percent comprised of federal grants.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
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 successively lost General Funding but 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. The agency's General Fund budget includes Virginia's cost share amounts for two Interstate Compact Organizations and for the Tangier Seawall project. Highway Maintenance and Operation Fund (Fund 0410) are un-refunded motor fuel taxes from gasoline used in motor vessels, Fund Code 0916, Marine Habitat and Waterways Improvement Fund holds habitat permit and royalty fees, for permitted activity within the MRC's jurisdiction and from the assessment of royalties for permitted dredging operations. The agency currently assumes it will continue to receive federal funding (Fund 1000) at the same level from the Department of Commerce, NOAA to continue support of its existing Coastal Zone Management work, to reimburse the agency for a portion of its finfish enforcement efforts, to fund Sturgeon/Endangered Species work, to fund through the ASMFC the Marine Recreational Intercept Survey (MRIP) program work now done by each Atlantic Coastal State and the funding that comes as a result of a Joint Enforcement agreement that exists between the MRC Law Enforcement Division and the Law Enforcement Program at the National Marine Fisheries Service. Federal monies are also received from the U. S. Fish and Wildlife Service and fund mandated research at VIMS and at ODU on various fisheries species (primarily those caught recreationally). The agency collects a variety of Special Funds (Fund 02) and consist primarily of monies collected from the sale of Commercial Fishing Licenses (0245), the sale of Recreational Saltwater Fishing Licenses (0249), the collection of an Oyster Resource User fee from those that work in the various facets of the Commonwealth's oyster fishery (0223), from the small portion of indirect costs (0280) taken on federally funded projects coming into the agency, from monies collected when the agency surpluses equipment that is no longer viably usable by the agency (0288) and from non-federal fund grant monies(0200).

Performance

Performance Highlights

Continued efforts to restore Virginia's oyster fishery resulted in a 2015 – 2016 Virginia oyster harvest that was the largest since 1989. The total oyster harvest from public oyster grounds, privately leased oyster grounds and oyster farming operations –grew from 95,000 bushels in 2008 – 2009 to 635,000 bushels in 2015 – 2016 exceeding projections. Dockside value has increased from \$3.5 million to \$30.4 million.

The Agency plays an active role in reducing the stock of non-native blue catfish in the Virginia's tidal waters as they can account for up to 75 percent of the fish biomass in a river, displacing or reducing many important native species such as river herring and shad and preying on blue crabs.

After being deemed depleted in 2014 the blue crab population has successively increased in abundance, allowing for higher commercial harvests. Regulations implemented in 2014 to reduce harvest by ten percent, have since been offset by increased harvestable stock and have added protections for juvenile crabs, as well as adult female crab spawning stock.

The Virginia Marine Police were issued perfect marks in 2010 through 2015 (2016 data not yet available) 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.

Between 2011 and 2015 the Marine Police issued 1,039 summonses relating to oysters, nearly three times the summons issued in the prior five years. The 2016 summons count was only 113 and it appears that increased enforcement activity, and Commission license actions against oyster regulation violators, may have significantly decreased violations and oyster poaching.

The Habitat Management Division implemented a general permit regulation to streamline the permitting process for certain living shoreline projects pursuant to Section 28.2-104.1 of the Virginia Code as living shoreline designs are the Commonwealth's preferred alternative for stabilizing tidal shorelines.

Two task force groups have studied and made recommendations for Code, regulatory and management changes and/or strategies to address

increasingly complex issues related to the shellfish aquaculture industry in Virginia. Implementation is underway.

The agency has continued its 20 plus year history of receiving audits with no associated findings.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
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
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
40250508.001.001	Acres of oyster reef construction, oyster bar reconstruction and maintenance done in a calendar year	Oyster Replenishment	Maintaining
40251001.001.001	Average number of days required to process a joint permit application	Habitat permit application processing time	Maintaining
40251002.001.001	Average number of days required to fully process a shellfish lease application	Shellfish lease application processing time	Maintaining
40250503.001.001	Average number of inspections (seafood, licenses, safety, etc.) by Marine Police Officers per fiscal year	Marine Police inspections	Maintaining
40250503.001.003	Average cost per inspection by Marine Police Officers each fiscal year	Cost efficiency of enforcement	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 requiring existing employees to continue to absorb additional duties for: 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 within the next five years or less. More complex review of shellfish aquaculture leasing and permitting issues continue to strain the current management team tasked with these issues.

The use of non-general fund (NGF) revenue from the sale of a variety of licenses, permit and dredge fees have replaced General Fund (GF) dollars lost in budget reductions. Many key management and regulatory functions are now dependent on these less stable sources of funding. This reduces the agency's ability to use these NGF for: 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.

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 to use alternate cultch for oyster spat attachment have found this to be financially viable, but the materials used are much denser, more difficult to harvest and not suitable for all of the oyster grounds where shell could be used.

New fisheries management plan addendums with potential for new regulation are expected in 2018 from the Atlantic States Marine Fisheries Commission (ASMFC) for popular recreational species like cobia, spot and croaker.

In the last 12 plus years a Joint Enforcement Agreement (JEA) between MRC and the National Marine Fisheries Service has provided the only stable source of funding for the agency Law Enforcement Division to purchase equipment, primarily boats, trailers, motors, and vehicles. Funding reductions are expected. Other budget reductions and steadily rising support costs for Marine Police Officers greatly impact how the agency provides and maintains core management, regulatory and enforcement services and supplies the variety of equipment needed to support the Law Enforcement Division.

Recent and expected continued increases in sea level present challenges for the management of tidal wetland resources. Tidal wetland vegetation exists within specific tidal elevation ranges and has the ability to trap sediments and rise and keep pace with moderate increases in sea level, but rapid increases in sea level greatly stress these valuable resources.

Agency efforts to streamline and remove regulatory hurdles coupled with technological advances in shellfish aquaculture techniques have led to a very rapid expansion of the shellfish aquaculture industry resulting in a growing number of conflicts between the shellfish growers and the public who share in common the waters and submerged lands.

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 2015	408,463,674
Number of licensed commercial fishermen	2,816
Number of licensed or registered recreational fishermen	208,716
Number of commercial harvest reports received	211,395
Number of biological samples taken	38,820
Number of trophy fish citations issued	3,381
Number of fish tagged by volunteer anglers	15,892
Number of artificial reefs	23
Acres of tidal wetlands managed	213,686
Number of shellfish leases	5,614
Number of environmental habitat permit applications	2,014
Number of miles of shoreline patrolled	10,120
Number of Marine Police inspections	424,921
Number of summons issued	1,223

Management Discussion

General Information About Ongoing Status of Agency

The agency 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, requiring substantially more science and information than is currently available. New interstate and regional management policies on the taking of menhaden, which may pose significant financial hardship for the Commonwealth, as well as federal mandates that could affect management of blue crabs, sturgeon, summer flounder, striped bass and sea turtles and sea mammals.

The MRC will continue its efforts to replenish Virginia's oyster resources and to support increasing shellfish aquaculture activities.

The ASMFC imposed a requirement to monitor a 2013 menhaden quota resulting in a 20 percent reduction in menhaden harvest for Virginia. When stock assessments showed an increasingly healthy menhaden stock, quotas were relaxed but still resulted in an economic loss for the industry over harvest levels prior to 2013. Virginia is still allocated 85 percent of the coast wide harvest quota for menhaden, but the ASMFC menhaden plan is expected to be finalized in 2017 and will determine if Virginia will maintain this share.

The agency continues its efforts to establish a take reduction plan for the endangered sturgeon and sea turtles and expects substantial economic impacts to Virginia's gill net fishery once the plan is finalized by the National Marine Fisheries Service (NMFS).

A longer term risk for Virginia's fishery stocks is environmental change caused by climate shifts. Many of the fish species targeted by Virginia fishermen are migratory, with some stocks having a center of abundance further south or north of the Chesapeake Bay. Climate change is expected to substantially affect abundance and distribution of migratory species, for popular species like summer flounder, black sea bass and croaker this will mean less fish available for harvest. In the Bay sea level rise will have many effects on habitat vital to juvenile fish, and water acidification will affect shellfish stocks.

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 to comply with federal National Shellfish Sanitation Program mandates and to ensure that the State's oyster stock is safeguarded.

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.

A marked increase in the number of applications for oyster ground leases is expected and this will result in all associated issues being handled by small existing staff.

Information Technology

Major IT investments underway include:

Commission staff manage fifteen custom business applications providing automation for most agency business processes including licensing, permitting, mapping, and many data collection and reporting features. Up through 2012 the Commission rebuilt its suite of business applications in a web based development environment. Completion of application renovation tasks has provided the agency with more opportunity to offer additional citizen web access to agency data and business applications. Agency staff also help maintain infrastructure that includes over 100 Virginia Information Technology Agency (VITA) assigned computers and 70 Virginia State Police (VSP) assigned computers for the Marine Police, three data servers, the agency public web site at mrc.virginia.gov, and the hundreds of associated devices.

Information Technology Plans/Needs:

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.

The IT changes planned for the next biennium are enhancements or desired functionality that will be added using primarily in-house staff. In particular agency staff hope to continue efforts to offer application features better suited for mobile devices.

The agency does not anticipate any IT investments beyond in-house staff and VITA Service Fees during the 2016-2018 budget biennium. Agency staff does anticipate that VITA service fees for networking and telecommunications will increase significantly to support a tentative plan to move MRC Headquarters to Ft. Monroe in 2018. Staff has also begun to consider the effects of transition away from the VITA-NG infrastructure partnership by FY19, and will be involved in activities that support the use of new IT contractual services developed by VITA during the 2016-18 biennium.

Workforce Development

The Marine Resources Commission has a number of tenured staff members with an impressive amount of institutional knowledge and understanding of the agency's policies, practices, and history. Nearly 48 percent of the MRC staff is 50 years or older and 26.6 percent of the agency staff has more than 20 years of State service. About 20.7 percent of current staff is eligible for an unreduced retirement and nine of these staff are Department Managers to Executive level management. Over the next five years, 35.2 percent of the agency current workforce will be eligible for an unreduced retirement. This percentage includes all of the top administrators of the agency's programs.

The agency continues to have the most turnover in the Fishery Management and Law Enforcement Divisions. More competitive salaries and opportunities for upward mobility offered by other local, other state, federal, and private sector employers 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 dilemma.

The Marine Resources Commission continues to work diligently to ensure that succession planning is in place so that there is continuity in the delivery of services to clients as the key management positions and longtime employees exit our employ. Loss of highly competent workforce will be significant, but in most divisions and departments there currently is knowledgeable and experienced staff that could, with some additional training and experience, make a smooth transition into positions of those leaving.

Physical Plant

The 2016 Session of the Virginia General Assembly in HB 30 Reenrolled, Central Appropriations, Central Appropriations, Item C-52, B 4 (below) gave the following permission relative to leased space for the headquarters facility:

B. The Department of General Services is authorized to enter into capital leases as follows:

4. On behalf of the Virginia Marine Resources Commission, to address lease space needs for a headquarters facility to replace or renew the lease for the existing facilities in Newport News.

Currently DGS is in final negotiations with the Fort Monroe Authority on behalf of the agency and the expectation is that a lease arrangement will result and the agency headquarters expects to relocate at Fort Monroe in 2018. The agency-owned Operations Station will continue to fully function at its current location in the Newport News Small Boat Harbor.