

SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

EXECUTIVE COMMITTEE

Webinar

November 21, 2022

TRANSCRIPT

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Other observers and participants attached.

The Executive Committee of the South Atlantic Fishery Management Council convened via webinar on Monday, November 21, 2022, and was called to order by Chairman Carolyn Belcher.

MR. CARMICHAEL: Welcome, everyone, for making the crossover to the open session, and so we'll start with a review of the budget. Kelly, do you want to walk through the budget?

MR. KLASNICK: Sure. I will go ahead and do that. What we've got here on the screen is just a little summary of 2022, and kind of where things stand, as we are here in front of you all today, and, if you're kind of cross-referencing the budget table, it's this Attachment 2b, and so I would like to just give a quick rundown on this table.

2023 is going to be in your far-left-hand column here that you're seeing, and we'll get to that in just a moment, and so, for 2022, this 2022 budget number you're seeing in this middle column right here, and you're seeing what we had put out for the council at the end of 2021, as we moved into this year, and this second column from the right is, at the time these reports were produced, we were able to get through the 10/31 timeframe, and so you're seeing what was expended through 10/31, and then the percentage here in the last column is just giving you an overview of the amount that has been expended through that date, compared to what was budgeted.

In 2022, we had a budget of roughly \$4.2 million. Our funding for 2022 came in at just over \$4 million, which was a 3.7 percent increase from the prior year, and we are currently at 65 percent total expended. I point out, as every year, that we do have some contractual payments that typically come in late in December, or in January, primarily the state liaison payments, the remainder of those, and so those are fairly large expenditures that will still hit, and, at the time that this report was put out, we didn't have all of the October travel costs in there either, and that's a heavy AP schedule of travel, and SSC and all that, and so that number will come up, but, at this point, we're projecting to come in under that \$4 million funding number for 2022, and so good news, across-the-board, really, from a budgetary perspective.

As we know, we do our best to put together the budget, with a lot of unknowns, and primarily it's always that activity schedule and the travel that is out there, and how many people are going to attend, and where are they coming from, and does every meeting happen, and all that kind of stuff, and so, you know, those are the line items that we typically see the most variation in, but, fortunately, from a budget perspective at least, those variations are coming in under budget, and so that's good news.

As we know, 2022 got back to much more in-person travel and meeting attendance, and we're going to see that reflected in the numbers, as it relates to all those travel line items, but, you know, we're still definitely seeing efficient use of virtual meetings, and not only that, but we're also still seeing overall travel attendance trending -- In-person travel attendance, I should say, is still lower than those pre-COVID times, and some folks have definitely embraced the flexibility that that provides, to maybe attend meetings virtually, as opposed to in-person, and that, ultimately, comes back to the budget, and we know it's much less expensive to have people attending that way, and so, at least from a budget standpoint, that's definitely playing into some of these numbers and coming in below what we may have put on that activities schedule in 2021, whenever we were building this out.

One item that you will see is our contracted line item is going to look high in 2022, relative to what we budgeted, but a couple of things that I will point out there it's really just a realization of those costs in 2022, and it's not that those were strictly unbudgeted expenses, and a couple of examples are, you know, on the slides, as we move through here, but we had website rebuild projects that we had budgeted for in 2021, for example, that, due to the time it took to get those things done, we did not actually incur the cost for those until 2022, and so, although that line item might look high, if you start digging into some of the details on it -- If you go back to 2021, you will see that we basically didn't have anything expended for those projects that we anticipated, and so they weren't new expenses, but it was just a matter of, you know, when that money came in.

If you're looking at your table, under this contractual line item here, you're going to see, in 2022, that number may look a little high, at 71 percent, relative to the rest of the budget line items, but that's primarily because of some of those items being realized in that year that we had planned for earlier.

As we move forward in the discussion, and focus on these 2023 numbers, which, again, if you're following along, and you're looking at this first column here, you're going to see that the overall budget number is coming in higher than we would normally put out, at this \$4.8 million number, and primarily what would be driving that is we had, or the council had, determined that they wanted to enter into a contract with a vendor for this MSE work, and, while we kind of knew that was in the works in 2022, we didn't really have any good feel, at the time we were putting that budget together, what those amounts would be, and so we didn't include those line items then for that MSE work, but it is reflected in 2023. That is a multiyear contract, and we made one substantial payment, as part of that contract, in 2022, and the largest piece will be due in 2023, and then there will be some more in 2024 for that, and so you're seeing that reflected in there as well.

A couple of other key items that are kind of driving that 2023 number is the always uncertainty in the healthcare industry and the costs. In talking to our contacts here, there's still a lot of uncertainty, as they go through the end of the year, but they advise to account for maybe a 15 percent increase. Hopefully, you know, we won't get there, but we'll at least be prepared, from a budget standpoint, if we do.

We've also included a cost-of-living increase of 4.5 percent, and that's nothing 100 percent certain on that number, because the President has not finalized that, but all of the scuttlebutt that's out there that's available seems to be pointing towards that roughly four-and-a-half percent number, and so that's what we are anticipating, and that's what we had budgeted for, and that impacts staff and then the council members that are eligible for a stipend.

We're all aware of, you know, the cost environment out there, and so, in 2022, you know, the IRS passed a mid-year increase in the mileage of about 7 percent, and so hopefully that accounts for what they need in 2023, but we'll see if they make any changes there, and we saw several of the per-diem numbers, and lodging government rate numbers were put out in late September or early October, and so, for the states that the council operates in, I've got some percentage increases in there, ranging anywhere from a 20 percent increase in the allowable rate, government rate, in South Carolina to four-and-a-half percent in Florida, is what we had seen, and the council -- We stick very closely to those government rates, and so, if hotels take advantage of that, which many of them do, and not all of them, but many of them do, and so we've accounted for that increase in the budget as well.

Surprisingly, they did not increase their actual per-diems, but I'm expecting that to come around next year. They follow some sort of two-year look-back provision, and it gets kind of convoluted, but that is what is attributed to not having an increase in per-diems in 2023, but perhaps, in 2024, we'll see that come through. I see Chester, and did you have a question for us?

MR. BREWER: Yes, I did, Kelly. Remind me again, and I know I've asked this question in the past, but what the contracted items -- What does that consist of, just in general terms?

MR. KLASNICK: So the main items that are going to be in there are the state liaison contracts are in there, and so the council maintains a contract for supporting work from each one of our four state partners, and so that's a large portion of it, and we also put what we call the administrative operations in there, and so that's a lot of the kind of behind-the-scenes items that keep things running, from an administrative standpoint, and so a lot of our software costs and things along those lines will come out of there, and then, also, when I talked about this MSE contract, and work with vendors such as that, or whenever we did the website upgrades, and those were also included in there, and so those are the primary drivers of that line item.

MR. BREWER: Okay, and I believe you said that MSE work that's being done is a big contributor to the -- There's a fairly big change in the number there from 2022 to 2023, and so that MSE contract is accounting for most of that difference, and did I hear you correctly?

MR. KLASNICK: Yes, that's correct, and, in 2023, it's a \$100,000 contracted amount for that MSE.

MR. BREWER: Thank you.

MR. KLASNICK: Yes, sir. All right. I'm not seeing any other hands at the moment. I touched on a couple of these, and, you know, we had these website projects, and we also had a website project for the SEDAR arm of the organization, if you will, and that was not entirely anticipated. They had some technological constraints that came up on the back-end version, that they were running things on, and so, luckily, we were able to incorporate that in and get that project done on time, so they didn't have any interruption there, and so it's nice to have a little bit of flexibility, from a budget standpoint, to carry those kind of items, whenever they come up.

Like everybody else, you know, we are seeing increases, and I can't say every vendor at this point, because some we were contracted with through 2023, but I am certainly expecting, as any renewals come due, that costs are going to go up, but I definitely have had that from several vendors, everything from very small, relatively minor, to others that are a little bit more substantial, and so we're seeing that, just like everybody else is experiencing.

You know, we continue to try to balance attendance, anticipation between the in-person and virtual, but, ultimately, whenever I am building out the cost estimates, you know, we presume that everybody that is listed to attend is going to attend in-person, just to handle that, and then, you know, we've started just tracking these Federal Register notice trends, year-to-year, and, while this doesn't necessarily paint a 100 percent accurate picture of travel costs in a year, because particularly, in 2020, and 2021, we had, you know, a huge increase in virtual meetings, but it's interesting just to kind of see how this trend goes, and, for those that aren't familiar, you know, all

of the council's public-accessible meetings are first registered via the Federal Register, and so it just kind of gives you an idea of a workload, at least from a meetings standpoint.

Then, as our standard process, we're presenting to this committee here today, and, if there are adjustments, or changes, we would make those, and then we will present this to Full Council in December, looking to approve this budget for 2023, and, as mandated, of course, we will be completing an audit in 2023, as we had done in 2022, and I'm happy to report that 2022 was a clean, no exception, audit process, and so that's what we're always striving for.

I did not go over, in detail, and I just brought it on the screen here, the activities schedule that we create each year, and, you know, this is the planning document that we use for all of those variable costs that I'm always referring to, and so just basically updating cost numbers, based on those per-diems and lodging and what we can best anticipate what the council plans to do for the upcoming year, and then we just put numbers on those, to give us something to build this budget out with, and so that's what that attachment is outlining for you all. John, did you have anything else on the general overview or update that you wanted to touch on?

MR. CARMICHAEL: No, and, Kelly, I appreciate you covering that, and I was going to say that the other thing we have is our workplan, you know, where we lay out what amendments we're planning to work on, and sort of how that works, in concert with the activities schedule that Kelly just showed is, you know, the workplan helps us know, for example, what APs may need to meet during the year, because that's driven by what's going on here with the FMP, or primarily workload, and then the few other things that we've added down there as other activities that we keep track of now, and so this really kind of represents our plan for going into 2023, for what we want to accomplish.

This translates then over into the budget estimates in that activities schedule, which then gets summed up and goes into the budget, and so we are doing maybe a little more long-term planning than we used to, by virtue of using this document and using it to help inform those activities schedules, and I think that's been working out pretty well for us, as far as process-wise, and then what we would do, of course, is, you know, we have these regional operating agreements with the Regional Office about what we're working on, and this and the activities schedule are important annual updates to that that shows them what we have laid out that we're intending to work on and where we need their support. All of these things kind of work in concert to provide an overview of what your goals and priorities are for the coming year, and then the budget, of course, and how much of that we can afford.

MR. KLASNICK: Thank you, John. Did anyone on the committee have any comments or questions for John or I? Mr. Brewer.

MR. BREWER: Thank you, Kelly. This is going to sound kind of like blasphemy on my part, but, with regard to the longline issues and measures on dolphin and wahoo, I am wondering if that can be pushed back until we get better information, which we don't have right now, what is really the base of that problem, what is the -- What is going on out there that is causing us to not see large dolphin, and I don't think that it is a, quote, council problem. I think it may be more of an HMS or State Department type of analysis that needs to be made, or investigation that needs to be made, and you're hearing a little noise about that at HMS, but, insofar as actually doing anything, I don't think they have.

The Caribbean Council has, I believe, either just finalized, or is it has gone into effect, their fishery management plan for dolphin, and I don't know a lot about the particulars of it, other than it is in place, and they were recognizing that they were having a problem, somewhat along the lines of what we're seeing in south Florida, and so they have -- I believe they have put -- What was previously unregulated, and they have put some regulations in place, but the reason I bring this up is I am the one that was screaming, before, about moving this up in the schedule, and that would be on the workplan, and I don't know that that's necessary, and, in fact, it might even be wise to move it back. Thank you.

MR. CARMICHAEL: Chester, I mean, I appreciate that, and I appreciate you bringing this forward, because, as you say, you were the one who really pushed to keep that on the priority list, but I think what we're seeing with dolphin, on an Atlantic-wide scale, and we have the MSE project underway with the Science Center, and, you know, they got input from up and down the coast, and so I think that's going to be really interesting, and we've got these efforts going with the climate scenario planning, and certainly dolphin, as a stock, which ranges the entire Atlantic coast, should be a topic there, and then we've got that WECAFC group, which we mentioned at the September meeting, that is creating a committee to look at this.

I think you're exactly right that there is potentially issues in dolphin wahoo that are far beyond just what could be addressed by catch restrictions within our area of jurisdiction, and really deserve a close look, before we get into something like was maybe conceived for the longline measures, and so I think that would be great, and it would certainly help with the workload issues we have going into 2023, and so we can factor that into the version of this coming to the Full Council for the December meeting and include that as something that we may want to hold off on until we get a better handle, biologically and fisheries-wise, what's going on with this population.

MR. KLASNICK: Mel, I see you have your hand up.

MR. BELL: Thanks, and that's not why I raised my hand, but I do agree with Chester, and I think I've been hearing and seeing some of the things that he's discussing, and, in a recent -- Gosh, there have been so many webinars, but a recent webinar I was in involving international fisheries, discussion of climate change in international fisheries, and we're not the only folks seeing things interesting with dolphin, and I know, even in the Pacific, there is stuff going on, and so I think -- Yes, I think Chester is right, and I certainly understand where he was coming from initially, and trying to move things forward, but I think it's a much bigger, more complex issue than perhaps we may have originally thought, and so I would agree with Chester, and it's something we can talk about at the council meeting.

The reason I raised my hand was to basically say that I think the way you guys have things integrated here, with the big-picture schedule and how the budget fits in -- I mean, I really appreciate that, and it's -- I feel, having been on the council for a little while, I feel much more informed, as a council member, and able to grasp the big picture of how our budget actually feeds into a clear representation of what it is we're doing, and so I really appreciate that, guys.

I think you're doing a great job with how you explain all this and how you can basically portray it, and so thanks for doing that. I mean, good job, and I really do feel like, over the past, you know, few years, we've been getting better at that, and I know the schedule here, the multicolored Excel

spreadsheet, drives us crazy sometimes, trying to construct it, because there's so much stuff we've got to cram into it, but you all are doing a great job with it, and I appreciate that, as a council member.

MR. CARMICHAEL: Thank you, Mel. I'm glad that this has, you know, worked for the council, and people have gotten used to how it operates and can interpret, as you say, the colors and the views, because I do think it really has helped us, you know, keep a good handle on the work that we have ahead of us and keep pushing on things and getting them wrapped up, because we know we need to. There is less tendency to kick things to the curb for a few meetings, because we have learned that that ends up really costing you, in terms of time, down the road.

MR. KLASNICK: Any other discussion from the committee, or questions? I will point out that we did not have any online written comments at the time of the meeting, and I checked that, and I did not see anything out there related to this committee.

MR. CARMICHAEL: That was the last topic for presenting, right, I believe?

MR. KLASNICK: Yes, and so, Madam Chair, if you're agreeable, I had a motion here, if you would like to reach out to the committee here.

DR. BELCHER: Sure, Kelly. Is anybody on the committee, or, actually, I guess it's the council, right?

MR. CARMICHAEL: No, it's committee.

DR. BELCHER: It is a committee? Okay. Is anybody wanting to make the motion as put up on the screen there?

MR. KLASNICK: I see that Mr. Bell has his hand up.

DR. BELCHER: Mel.

MR. BELL: Thank you. **I move that we approve the draft 2023 operational budget, as presented and modified.**

DR. BELCHER: Do I have a second?

MR. KLASNICK: I see Trish's hand is up.

DR. BELCHER: Okay, and so seconded by Trish. Any further discussion?

MR. KLASNICK: I am seeing no other hands.

DR. BELCHER: Okay. **Then that motion passes.**

MR. KLASNICK: All right. Thank you.

MR. CARMICHAEL: Thanks, everybody. Then, you know, process-wise, we'll do a report from this committee, and it will come to the Full Council at the December meeting, with the rest of the committee reports, based on the committees that meet at that meeting, and then the council will be asked to approve this motion at that time.

MR. KLASNICK: All right. Very good. Seeing no other hands, we thank you all for your time today and your input.

(Whereupon, the meeting adjourned on November 21, 2022.)

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