

**Testimony of Patrick Keliher, Commissioner
Maine Department of Marine Resources**

**Before the Joint Standing Committee on Appropriations and Financial Affairs and
The Joint Standing Committee on Marine Resources**

"An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025"

Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs, Senator Reny, Representative Hepler, and members of the Joint Standing Committee on Marine Resources, I am Patrick Keliher, Commissioner of the Department of Marine Resources. I am here today to present testimony in support of Governor Mills' biennial budget, LD 258, specifically those items related to the Maine the Department of Marine Resources (DMR).

This budget advances the Governor's guiding belief that to build a stronger, more prosperous state where opportunity is available to all, then we must invest in the infrastructure that supports the people of Maine, our greatest asset.

That is why this budget proposal strengthens the very things that Maine people rely on every day to succeed, building on the strong success of the currently enacted budget and the last legislative session to tackle Maine's greatest challenges.

We have governed cautiously and in a fiscally prudent way over the past four years, making sure that – even in the hardest of times during the pandemic – we lived within our means. This budget proposal continues that practice.

DMR is established to conserve and develop marine and estuarine resources, conduct and sponsor scientific research, promote and develop the Maine coastal fishing industries, advise and cooperate with local, state, and federal officials concerning activities in coastal waters, and to implement, administer, and enforce the laws and regulations necessary for these purposes.

There are more than 70 marine species that are harvested commercially, caught recreationally, and raised by aquaculturists. In 2021, lobster represented the highest value fishery, followed by soft shell clams, elvers, oysters, menhaden, and scallops. In 2021, the landed value of both wild caught and aquaculture industries exceeded \$890 million dollars. The increase was more than \$150 million over the previous year and exceeded the previous overall record of \$733 million, that had been set in 2016.

While there are many bright spots to celebrate regarding our marine fisheries, there are also many pressing concerns that we need to address. The Gulf of Maine is the second fastest warming body of water on the planet. This changing ocean environment is one of the biggest challenges we face in every fishery managed by the Department. DMR's goal is to continue to prioritize research needs that allow proactive responses to changing resource health, rather than to maintain an agency focused on monitoring stock declines. This budget is part of a multi-faceted approach to help

position the Department to better understand and address management changes needed both now, and in the future.

DMR is proposing initiatives comprised of a net increase of \$5,170,676 in General Fund, which includes \$3,600,600 in one-time funding, net increase of \$240,349 in Federal, and a net increase of \$416,824 in Other Special Revenue. This budget addresses some of the agency's highest priority needs.

The Department of Marine Resource budget requests can be summarized into six categories:

1. **New Aircraft Proposal.** The Bureau of Maine Patrol has utilized an aircraft for well over 70 years. Our aircraft supports aerial surveys, enforcement, effort monitoring and surveillance flights, as well as providing critical search and rescue services. To support our current aircraft needs and to meet expanding needs related to North Atlantic right whale efforts, the department is requesting support to purchase a new aircraft that will allow Marine Patrol to expand its range and adequately address these new challenges.

Our goal is to address both current and future needs. Our current Cessna aircraft has limited operational capabilities over offshore waters. Activity in the lobster fishery is shifting further offshore as our waters warm, making this limitation even more of a challenge. In addition, the Bureau's role is expanding to help meet the evolving monitoring needs for the protection of North Atlantic Right Whales. Taken together, these realities make it clear that our aviation capabilities need to improve. In addition to being capable of performing all the inshore work currently done by the Cessna, the replacement aircraft, a Kodiak 100 Series III turbine, would be able to safely and efficiently extend Marine Patrol's operational reach over offshore areas of the Gulf of Maine. The Kodiak 100 is an investment in the future of Maine's fishing industry and represents the next 50 years of Marine Patrol aviation.

2. **West Boothbay Harbor Laboratory Facilities.** The DMR lab was built new in the early 1990s. The 70,000 square foot facility encompasses several laboratories, a flow through sea water and biosecurity system, staff offices, the Maine State Aquarium, two piers, eight floats, a carpentry and mechanical shop, parking lots and various other outbuildings. Recent significant repairs have drawn sharp attention to the need to establish a non-lapsing maintenance fund to pro-actively address facility needs. Ongoing preventative maintenance of these facilities can prevent catastrophic failures while maintaining a safe and functional facility. This fund would address the preventative maintenance needs at the West Boothbay Harbor campus including HVAC, exterior structure maintenance needs such as windows, siding, roofing, electrical systems, life support systems (laboratory), grounds and waterfront repairs.

3. **Continued support of Marine Patrol Increased Fuel costs.** The Bureau of Marine Patrol maintains a fleet of more than 30 watercraft used for patrol, enforcement, and search and rescue work in Maine's coastal waters. Marine Patrol Officers aboard these vessels patrol from the head of tide to very remote areas of the Gulf of Maine, up to 40 miles offshore, year-round and in all weather conditions. Our watercraft fleet of patrol vessels in Maine is rivaled only by the U.S. Coast Guard. Marine Patrol is the

only statewide law enforcement agency on the coast of Maine with year-round response capabilities both for enforcement and search and rescue response. These patrol vessels are powered by either gasoline or diesel engines and the Bureau's ability to maintain a presence on the coastal waters of the State is directly tied to our ability to staff, maintain, and fuel these vessels. As with many agencies, the Bureau of Marine Patrol has not been immune to the significant fuel cost increases over the last year. As an example of this increased burden, diesel fuel price at a fuel dock used by Marine Patrol in Rockland was \$2.96 per gallon on August 30, 2021. The current fuel price at the same dock is \$5.43 per gallon. Marine Patrol can't maintain its traditional level of presence on the water in light of these unprecedented operating cost increases.

4. **Maintenance and Replacement Fund for DMR Watercraft.** The Department has a small fleet of watercraft, across several Bureaus, designated to support research, assessments, public health and educational programs. The watercraft in this small fleet range in size from 16 to 35 feet, mostly powered with outboards, with one powered with a small diesel engine. These programs operate from the head of tide to 20 miles from shore. Establishing this fund would support ongoing operations and maintenance, (engines, reconditioning), and allow us to establish a replacement schedule for older outboards and smaller vessels.
5. **Central Service Rate Increases.** The Department of Marine Resources has been notified of rate increases in many central services that are provided by the Department of Administrative and Financial Services. These increases impact our budgeted cost for MaineIT, Central Fleet Management, the Natural Resources Service Center, Risk Management, the Office of the Attorney General and the Department of Public Safety Dispatch.
6. **Position Changes.** DMR proposes several necessary position reorganizations, continuations, and an increase of hours for two positions. These changes bring positions in line organizationally, move budgeted positions to correspond to respective funding sources and continue limited-period positions that support important functions within the department.

Many of the initiatives are repeated throughout the budget programs because, as you are aware, if they affect numerous budget programs and funding types they must be broken apart and repeated for each affected program.

BUREAU OF MARINE SCIENCE 0027

The first Budget Program presented in the committee document is labeled "Bureau of Marine Science 0027" (page A-525). The baseline budget presented shows this Budget Program is comprised of General Fund, Federal and Other Special Revenue. The Bureau of Marine Science (BMS) engages in scientific research, monitoring, and assessment to manage and restore marine and estuarine resources; collects commercial landings and recreational harvest data; and participates in the development of management plans for state, interstate, and federal fisheries. The BMS operates the Maine State Aquarium and educational programs to educate Maine school children and the public about marine resources. The sources of Other Special Revenue are

dedicated fees assessed on commercial fishing licenses, the sale of lobster license plates, Gas Tax, Aquarium entrance fees, the Maine Living Lighthouse Program, donations, private contributions and non-federal grant awards.

The first initiative in this budget program is on **page A-525**. This first initiative continues one limited-period Marine Resources Scientist I position previously continued by Financial Order 002270 F3 and 2 limited period Marine Resource Scientist I positions previously continued from Financial Order 002271 F3 through June 7, 2025, in order to meet the 100% lobster harvester reporting requirement. This initiative also provides funding for all other costs associated with these positions.

The next four initiatives are on **page A-526**. The first of these initiatives increases funding for one Marine Resource Scientist I position from 76 hours to 80 hours bi-weekly.

The next initiative provides funding for **maintenance** of the Department of Marine Resource Facilities. The increase in general fund of \$200,000 would support ongoing facility maintenance needs on the West Boothbay Harbor campus.

The next initiative transfers remaining Sea Run Fisheries (previously a Division within the Bureau of Marine Science) funding to the Bureau of Sea Run Fisheries and Habitat Program. This will allow the funding to reflect in the proper appropriation, and allocation will be in the appropriate program. This initiative can also be found on page A-537.

The final initiative on this page transfers and reallocates one Marine Resource Scientist I position from 75% Federal Expenditures and 25% General Fund to 25% Federal Expenditures, 25 % General Fund and 50% Other Special Revenue within the Bureau of Marine Science.

The next initiative is on **page A-527**. This initiative provides funding for the statewide increases in Central Fleet Management Services provided by the Department of Administrative and Financial Services. There are multiple initiatives within the Department of Marine Resources to provide funding in each of the Bureaus. This initiative will also be found on pages A-530, A-533, A-535 and A-538.

The next initiative is also on **page A-527**. This initiative reallocates the cost of one Marine Resource Scientist I position from 50% Federal Expenditures in the Sea Run Fisheries and Habitat program and 50% Other special revenue in the Bureau of Marine Science to 100% Federal Expenditures fund in the Sea Run Fisheries and Habitat program.

The next initiative is on **page A-527**. This initiative provides funding for STA-CAP in the Marine Fisheries Research and Development fund. This initiative is also found on page A-533.

The next initiative is also on **page A-527**. This initiative provides funding for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management. This increase is based on claims experience, coverage increases, attorney fees on claims and actuarially recommended reserves. This initiative can also be found on pages A-530, A-533, A-536 and A-538.

BUREAU OF POLICY AND MANAGEMENT 0258

The next Budget Program presented in the committee document is labeled "Bureau of Policy and Management" (**page A-400**). The baseline budget presented shows this Budget Program is comprised of General Fund, Federal, and Other Special Revenue. The Bureau of Policy and Management performs the administrative functions of the DMR and advises government agencies regarding development or activity in coastal waters. The sources of Other Special Revenue are dedicated fees assessed on commercial fishing licenses, Gas Tax, private contributions, and non-federal grant awards.

The first initiative in this budget program is on **page A-529**. This initiative transfers and reallocates one Resource Management Coordinator position from 50% Federal Expenditures fund in the Bureau of Policy and Management and 50% Other Special Revenue in the Bureau of Marine Science to 50% Other Special Revenue in the Bureau of Policy and Management and 50% Other Special Revenue in the Bureau of Marine Science.

The next initiative is on **page A-530**. This initiative provides funding to increase the hours of one Resource Management Coordinator from 56 hours to 80 hours biweekly.

The next initiative is on **page A-530**. This initiative provides funding for the statewide increases in Central Fleet Management Services provided by the Department of Administrative and Financial Services. There are multiple initiatives within the Department of Marine Resources to provide funding in each of the Bureaus. This initiative will also be found on pages A-527, A-533, A-535 and A-538.

The next initiative is on **page A-530**. This initiative provides funding for the Department's increase in its share of the cost for the Financial and Human Resource services within the Department of Administrative and Financial Services.

The next initiative is also on **page A-530**. This initiative provides funding for the increased costs in legal services provided by the Department of the Attorney General.

The next initiative is also on **page A-530**. This initiative provides funding for the approved reorganization one Secretary Associate position to a Secretary Specialist position. This is a management-initiated reorganization approved by the Bureau of Human Resources.

The next initiative is also on **page A-530**. This initiative provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

The next initiative is also on **page A-530**. This initiative provides funding for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management. This increase is based on claims experience, coverage increases, attorney fees on claims and actuarially recommended reserves. This initiative can also be found on pages A-527, A-533, A-536 and A-538.

The next initiative on **page A-531** provides funding for the maintenance of the Department of Marine Resource's boat fleet. This would be an increase of \$100,000 in the general fund.

The next initiative on page A-531 continues and makes permanent one Business Systems Administrator position previously continued in Financial Order 002256 F3. This initiative also provides funding for "all other" costs related to this position.

The next initiative on page A-531 establishes one Aquaculture Inspector position that will support lease compliance and provides additional funding for "all other" cost associated with the Aquaculture Inspector position.

BUREAU OF PUBLIC HEALTH Z154

The next Budget Program presented in the committee document is labeled "Bureau of Public Health Z154" (page A-403). The baseline budget presented shows this Budget Program is comprised of General Fund, Federal and Other Special Revenue. This program is responsible for the management of bivalve shellfish resources in order to protect public health in accordance with the National Shellfish Sanitation Program Model Ordinance (NSSP MO). The bureau engages in four primary functions: growing area classification, marine biotoxin monitoring, dealer inspection and municipal management. The safety of shellfish growing areas is monitored and maintained through routine water testing and shoreline survey work. The marine biotoxin monitoring program ensures that shellfish harvesting areas are closed when harmful algal blooms occur affecting the safety of the shellfish. The dealer inspection program certifies and inspects every shellfish dealer in Maine to ensure that they are complying with the model ordinance guidelines to protect public health. The municipal management program works with towns to develop and maintain shellfish ordinances that control and enhance local shellfish resources. The sources of Other Special Revenue are from fees on shellfish licenses and wholesale seafood licenses.

The first initiative (C-A-19) in this budget program is on page A-532. This initiative provides funding for the approved reorganization of four Marine Resource Scientist I positions to Marine Resource Scientist II positions and related All Other costs.

The next initiative is on page A-533. This initiative provides funding for the statewide increases in Central Fleet Management Services provided by the Department of Administrative and Financial Services. There are multiple initiatives within the Department of Marine Resources to provide funding in each of the Bureaus. This initiative will also be found on pages A-527, A-530, A-535 and A-538.

The next initiative is on page A-533. This initiative provides funding for STA-CAP in the Marine Fisheries Research and Development fund. This initiative is also found on page A-527.

The next initiative is also on page A-533. This initiative provides funding for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management. This increase is based on claims experience, coverage increases, attorney fees on claims and actuarially recommended reserves. This initiative can also be found on pages A-527, A-530, A-536 and A-538.

LOBSTER LEGAL DEFENSE FUND Z365

This initiative reduces funding to recognize a decrease in license surcharge revenue resulting from revenue changes in Public Law 2021, Chapter 755. Specifically, this law redirected 20% of the license revenues collected for the Maine Lobster Marketing Collaborative to a new Lobster Legal Defense Fund, beginning in August 2022 and ending in June 2024. This initiative reflects the appropriate revenue to this Fund in accordance with the current law.

BUREAU OF MARINE PATROL 0029

The next Budget Program presented in the committee document is labeled “Bureau of Marine Patrol 0029” (page A-405). The baseline budget presented shows this Budget Program is comprised of General Fund, Federal and Other Special Revenue. The Bureau of Marine Patrol's (BMP), primary responsibility is enforcing the State's marine commercial and recreational fishing laws and regulations. The Bureau provides public safety and law enforcement services to mainland and coastal island residents, search and rescue and emergency maritime transport, as well as partnering with the Maine Emergency Management Agency on homeland security and emergency preparedness. The Bureau also enforces federal mandates, enforces recreational boating laws, and provides education, safety information and training. The Bureau works with the Department of Environmental Protection to provide personnel and equipment for hazardous material spills. The sources of Other Special Revenue are dedicated fees assessed on commercial fishing licenses, lobster trap tags and a percentage of boat registration fees.

The first initiative in this budget program is on **page A-535**. This initiative provides funding for the increased fees from the Department of Safety for dispatch services.

The next initiative is on **page A-535**. This initiative provides funding for the statewide increases in Central Fleet Management Services provided by the Department of Administrative and Financial Services. There are multiple initiatives within the Department of Marine Resources to provide funding in each of the Bureaus. This initiative will also be found on pages A-527, A-530, A-533 and A-538.

The next initiative is on **page A-536**. This initiative provides funding for increased fuel costs. These increased costs are budgeted at \$125,000.

The next initiative is on **page A-536**. This initiative provides funding for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management. This increase is based on claims experience, coverage increases, attorney fees on claims and actuarially recommended reserves. This initiative can also be found on pages A-527, A-530, A-533 and A-538

The next initiative is on **page A-536**. This initiative provides one time funding for the purchase of one **Marine Patrol Aircraft** and continued ongoing maintenance expenses. The cost of the aircraft with the required float is \$3,600,600 and ongoing maintenance expenses are estimated at \$256,500.

BUREAU OF SEA RUN FISHERIES AND HABITAT Z295

The next Budget Program presented in the committee document is labeled "Bureau of Sea Run Fisheries and Habitat Z295" (page A-407). The baseline budget presented shows this Budget Program is comprised of General Fund, Federal and Other Special Revenue. The Bureau of Sea Run Fisheries and Habitat (BSRFH) conducts research and population assessments of Maine's native diadromous fish populations. The focus of management activities is multi-species, ecosystem-based management and restoration of eleven diadromous species such as shad, striped bass and alewives. The BSRFH is focused on the importance of Maine's rivers, improved habitat restoration within the rivers and improved science and streamlined field work. Much of the focus is aimed at multi-party/multi-species settlements that are connected with the hydro-dams that are licensed by the Federal Energy Regulatory Commission (FERC). The Bureau also works collaboratively with NOAA Fisheries and the US Fish and Wildlife Service on species oversight and leadership relating to Atlantic Salmon listed under the Endangered Species Act.

The first initiative found on page A-537 transfers remaining Sea Run Fisheries funding to the Bureau of Sea Run Fisheries and Habitat Program. This will allow the funding to reflect in the proper appropriation, and allocation will be in the appropriate program. This initiative can also be found on page A-526.

The next initiative is on page A-537. This initiative reallocates one Marine Resource Scientist II position from 100% Federal Expenditures fund to 70% Federal Expenditures fund and 30% Other Special Revenue Fund, within the same program. This initiative also provides All Other funding to support management and restoration effort for the diadromous fish species.

The next initiative is on page A-538. This initiative provides funding for the statewide increases in Central Fleet Management Services provided by the Department of Administrative and Financial Services. There are multiple initiatives within the Department of Marine Resources to provide funding in each of the Bureaus. This initiative will also be found on pages A-527 A-530, A-533 and A-535.

The next initiative is on page A-538. reallocates the cost of one Marine Resource Scientist I position from 50% Federal Expenditures in the Sea Run Fisheries and Habitat program and 50% Other Special Revenue in the Bureau of Marine Science to 100% Federal Expenditures fund in the Sea Run Fisheries and Habitat program. This initiative is also on page A-527.

The next initiative on page A-538. This initiative provides funding for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management. This increase is based on claims experience, coverage increases, attorney fees on claims and actuarially recommended reserves. This initiative can also be found on pages A-527, A-530, A-533 and A-536

Conclusion

This concludes the testimony of the Department of Marine Resources. I would be happy to answer any questions you may have.