

**Trout
Production:
Estimates Suggest
Price Competitive
Options are
Available
Report 13-3**

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STATE OF WASHINGTON



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REPORT SUMMARY

The Washington Department of Fish and Wildlife Produces Trout for Recreational Purposes but Lacks Needed Answers to Production Costs

As part of its effort to enhance recreational fishing opportunities in the state, the Washington Department of Fish and Wildlife (WDFW) produces trout at some of its hatcheries and releases these fish in lakes throughout the state. The Department produces different species of trout, such as rainbow, cutthroat, and brown, and it produces different sizes of fish, from smaller fry and fingerlings to larger “catchables.”

WDFW uses a business-like approach to identify the species and sizes of trout to provide. The agency uses results from a survey that functions as market research to inform the Department about anglers’ preferences for fishing in Washington. The Department then uses fisheries management science principles to determine the quantity, species, and sizes of trout to stock. **However, WDFW does not collect corresponding trout cost information by species and size to determine the most cost-effective ways to reach its trout stocking objectives.**

Alternative Approaches to Trout Production Are Available

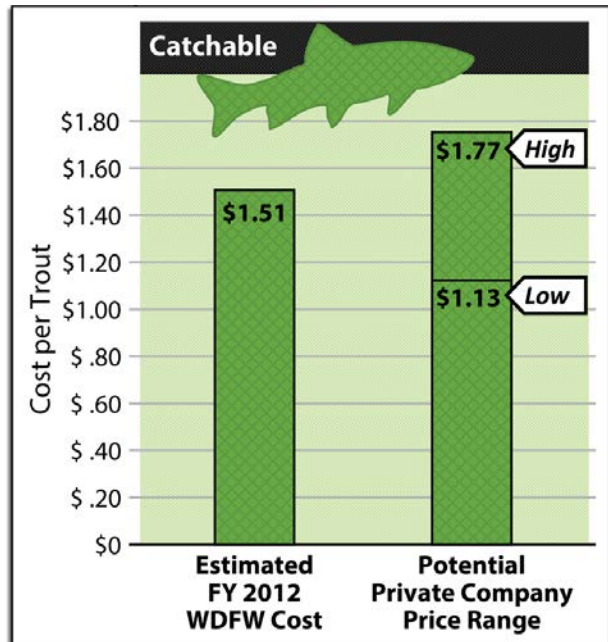
In the 2012 Supplemental Operating Budget (3ESHB 2127), the Legislature directed JLARC to identify the availability of alternative approaches to trout production and to compare WDFW’s costs with the costs of the alternatives. Alternative approaches are available, and the Department currently uses five for trout production:

- Leasing the operation of a state hatchery facility to a private company;
- Contracting with a private company to purchase trout the company grows;
- Cooperative agreements with county public utility districts, nonprofit groups, and a college;
- Partnerships with the federal government and Indian tribes; and
- Trading fish and fish eggs with other states at no cost.

JLARC Developed a Price Comparison

To make the cost comparison the Legislature requested, JLARC needed WDFW cost information by trout species and size, the same kind of parameters that would be specified in a contract with a private company. Currently, WDFW does not routinely track hatchery cost information this way. At JLARC’s request, for the purposes of this study, the Department conducted a case study of various cost categories at its Spokane hatchery to grow one species (rainbow trout) of various sizes. JLARC reviewed this cost information and converted it to an estimated cost per fish. This estimated cost data allowed JLARC to make a comparison with the prices estimated by and contained in previous bids submitted to public utility districts from one major private company that produces and sells trout.

As shown in the exhibit at right, JLARC’s estimate is that WDFW and this private company can supply catchable-sized rainbow trout for similar prices. A similar analysis for fingerling-sized rainbow trout indicated WDFW’s estimated costs were less than the private company’s prices.



It is likely that the Legislature will not know with

certainty whether the results from this one price comparison apply more broadly until:

- 1) the Department collects hatchery cost information by species and size as recommended in this report, and
- 2) formal bids are available showing the prices private growers would charge the Department to purchase their fish.

Other Top Trout Producing States Indicate Advantages and Disadvantages When Using Alternative Approaches

As part of a survey, JLARC asked 15 other states if they had an opinion regarding the purchase of trout from private growers. All but four states offered an opinion, suggesting there are both advantages and disadvantages to purchasing trout from private growers. Advantages stated include the ability of private industry to supplement trout production, supporting private industry, and decreasing the overall trout production costs for the state. Disadvantages noted include reliability, monitoring concerns, and stocking issues.

Auditor Recommendation

The Department of Fish and Wildlife should develop a plan to determine the most cost effective approaches to use to meet the Department’s stocking objectives. This plan should include a process to collect fish production cost data by fish species and size at each of WDFW’s hatcheries. This cost data should be stated in a manner that allows for reasonable comparisons to private sector prices. The Department should report to the Legislature on this plan by December 2013.