

TRUSTEE COUNCIL
MEETING TRANSCRIPTS
AUGUST 25, 1995

EXXON VALDEZ OIL SPILL SETTLEMENT TRUSTEE COUNCIL

Simpson Building
645 G Street, 4th Floor
Anchorage, Alaska 99501

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TRUSTEE COUNCIL MEETING EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL
ADMINISTRATIVE RECORD

August 25, 1995
8:30 a.m.

(Continuation of meeting/executive session of August 15, 1995)

TRUSTEE COUNCIL MEMBERS in attendance:

STATE OF ALASKA

MR. CRAIG TILLERY,
Trustee Representative for
BRUCE BOTELHO, Attorney
General, Alaska Department of
Law

UNITED STATES DEPARTMENT OF THE INTERIOR

MS. DEBORAH WILLIAMS, Special
Assistant to MR. GEORGE
FRAMPTON, Assistant Secretary

STATE OF ALASKA DEPARTMENT OF FISH AND GAME

MR. FRANK RUE
Commissioner

UNITED STATES DEPARTMENT OF AGRICULTURE - FOREST SERVICE

MR. JAMES WOLFE, Alternate
for MR. PHIL JANIK, Regional
Forester

UNITED STATES DEPARTMENT OF COMMERCE - NOAA

MR. BILL HINES, Alternate
for MR. STEVE PENNOYER
Director, Alaska Region/

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

MR. ERNIE PIPER, Alternate
for MS. MICHELLE BROWN, Deputy
Commissioner and Trustee
Representative for MR. GENE
BURDEN, Commissioner

TRUSTEE COUNCIL STAFF

| | |
|----------------------|----------------------------|
| MS. MOLLY MCCAMMON | Executive Director |
| MR. ERIC MYERS | Director of Operations |
| MS. TRACI CRAMER | Director of Administration |
| MR. BOB LOEFFLER | Director of Planning |
| DR. BOB SPIES | Chief Scientist |
| MR. STAN SENNER | Science Coordinator |
| MS. SANDRA SCHUBERT | Project Coordinator |
| MS. REBECCA WILLIAMS | Executive Secretary |

OTHERS PRESENT who participated

| | |
|------------------------------|---------------------------------------------------------|
| MR. VERN McCORKLE | Chairman, EVOS Trustee Council Public Advisory Group |
| MR. LEIF SELKREGG | Project Executive, Alaska Sea Life Center |
| MS. LYDIA ROBERTS | Port Graham Native Corporation |
| MS. ELEANOR McMULLEN | Port Graham Village Council |
| MS. DEBORAH GILCREST | Soldotna |
| MS. MARIA LISOWSKI | U.S. Department of the Interior |
| MS. PATTY BROWN-SCHWALENBERG | Chugach Regional Resources Commission |
| MS. CATHERINE BERG | U.S. Fish & Wildlife Service |
| DR. BYRON MORRIS | NOAA |
| MR. BARRY ROTH | U.S. Department of Justice |
| DR. DAVE GIBBONS | U.S. Forest Service |

P R O C E E D I N G S

(On Record 8:30 a.m.)

MR. TILLERY: The July 25th meeting of the Exxon Valdez Oil Spill Settlement Trustee Council. This is a continuation meeting. And, actually I'm not sure who was the chairman of the last meeting. Mr. Rue was the chairman of the last meeting. I believe since Commissioner Rue has a number of projects up for discussion today, he has asked that I take over as Chair for him for this portion of the meeting, which I will do. Craig Tillery of the Department of Law, Bill Hines is here for NOAA, Ernie Piper representing the Department of Environmental Conservation, Deborah Williams with the Department of Interior, Frank Rue with the Alaska Department of Fish & Game, and Jim Wolfe with the United States Forest Service. The first order of business is the approval of the agenda. There should be a -- everyone should have a new agenda, it showed up this morning. Is there a motion?

UNIDENTIFIED VOICE: Move we approve the agenda.

UNIDENTIFIED VOICE: Second.

MR. TILLERY: And, is there any discussion? Any proposed additions or deletions to the agenda? Anyone who objects? The agenda is approved. The second item is the approval of the June 1st, June 16th and August 15th meeting notes, and the August 15th ones, again, showed up this morning. The others should be in your packet everyone received earlier. Is there any -- do I have a motion with respect to the June 1,

1 June 16th and August 15th meeting notes?

2 UNIDENTIFIED VOICE: So moved.

3 MR. WOLFE: Second.

4 MR. TILLERY: All right, any objections, proposed
5 changes or deletions to those meeting notes?

6 MS. WILLIAMS: Mr. Chairman.

7 MR. TILLERY: Ms. Williams.

8 MS. WILLIAMS: Modification to the August 15th meeting.
9 I was not present at that meeting. Dan Sakura represented the
10 Department of Interior.

11 MR. TILLERY: Ms. McCammon, could you make that note?
12 And with that change, are there any objections to these meetings
13 -- meeting notes? Being none, those are approved. Commend you
14 on that, Ms. Williams, sometimes I'm not sure where I was a lot
15 of times. It's good to know you're keeping track. Okay. The
16 next item of business is the Public Advisory Group report, is
17 Vern McCorkle -- I think Vern is here. Particularly appreciative
18 of the -- Vern's remarks in Cordova, where due to the lateness of
19 the hour and the need to have comments by the people of Cordova,
20 he essentially graciously passed on that. Vern, could you go
21 ahead?

22 MR. McCORKLE: Good morning, ladies and gentlemen, my
23 name is Vern McCorkle -- but we'll let you have it today. You
24 received a copy of our meeting summary for the meeting of July 27
25 and 28 and I -- I think it might not serve the best interest to
26 line-by-line that, except to say, beginning on page three, we did

1 the work which we were asked to do, and there were two or three
2 places where we asked for some changes. One had to do,
3 particularly, with the pink salmon cluster. Our vote was that
4 the pink salmon cluster appears high and should be examined in an
5 effort to reduce cost. The Public Advisory Group supports the
6 Executive Director's efforts to bring experts together to examine
7 the program and suggest that knowledgeable PAG members be invited
8 to participate in that. On the next page there is the sockeye
9 salmon cluster, our unanimous motion was to request staff to
10 review sockeye projects with an eye to identifying budget
11 reduction. The motion was unanimous to close out management
12 related aspects of the sockeye cluster as expeditiously as
13 possible. With regard to the nearshore ecosystem cluster, we
14 moved to -- in a majority motion, that this cluster should be
15 targeted for fine-tuning with budget reductions at the direction
16 of the staff. And, with respect to seabird forage and the fish
17 cluster, we moved unanimously to recommend reduced funding of
18 that cluster, considering the delaying implementation of certain
19 components and deferring project 96122 to FY '97. That is the
20 project for marbled murrelet habitat survey. Then, perhaps down
21 there under habitat improvement cluster, as there is a rather
22 complex series of many recommendations over four projects that
23 you might just want to take cognizance of.

24 We were delighted to be able to accomplish that much
25 work. There were a couple of reasons, first of all you sent a
26 very imminent and persuasive emissary on your behalf with some --

1 the appearance of Ms. who here -- here's one, Ms. Williams,
2 Deborah Williams. I've got your name here some place -- I've
3 sort of moved from my prepared remarks to hit that -- and Ms.
4 Williams was there and asked us to bring in a budget of around
5 \$18 million, and that's what we tried to do. What the summary
6 here does not indicate is that we actually did what Ms. Williams
7 requested and that was come in with recommendations around \$18
8 million for the work plan. Such action is really a first in the
9 annals of PAG history, and it's due in large part to the
10 following four factors. One, the Council's sent it's emissary
11 asking we do it, and we're awfully glad to have had the -- the
12 delightful remarks given to us that morning by Ms. Williams.
13 Splendid work by Ms. McCammon and staff with superb efforts by
14 Loeffler. Those people and the presentation materials that we
15 received made our work easy. Also, organization of the Work Plan
16 into clusters, thought it was easier for us to -- to get a hold
17 of it and particularly for new members to get a grip of what was
18 going on. And, finally, the extremely dedicated work of the PAG
19 members themselves who, operating without personal staff, did
20 extensive personal study before it came to the group to work
21 with, and you might want to know a little bit about your PAG this
22 year. Nearly two-thirds are new to the group. All are
23 especially qualified to represent their interest group, they're
24 highly intelligent and very, very motivated. And, there are two
25 quite important carry-over philosophies from the first PAG that
26 also are important to this new group. One, the first ever

1 unanimous vote by the Public Advisory Group came after a month of
2 debate, and finally ended up gaining light support by the general
3 public, and was adopted by the Council, and that was the concept
4 of the reserve fund. In those days we had several names for the
5 fund, now established as the reserve restoration fund -- I guess
6 restoration reserve is what we're calling it now. We are still
7 unanimously in support of that action, and continuing in this
8 connection we are also hearing calls now suggesting that the
9 legacy of our work and yours become an increasingly significant
10 part of the greater debate. And, we have more than a passing
11 interest in this because of our quasi-official relationship to
12 the Council in its fiduciary and trustee responsibilities. What
13 we are quite aware of is our advisory role to the Council, but in
14 the cosmology of things, we know that what we may say or may not
15 say can be reviewed and held up to scrutiny. Accordingly, we are
16 respectfully requesting that when it is ready to do so, the
17 Council inform the Public Advisory Group of how the reserve is to
18 operate after the year 2002. And, the second theme, which is
19 carried over from the first PAG to this, is the continuing
20 concern over the perception that often the staff which recommends
21 funding of projects also represents the agencies that eventually
22 receive the funding. To this extent, or to the extent that it
23 may be true, the PAG has for the first time taken a motion,
24 unanimously passed, that the Council develop a criteria to
25 differentiate between spill-related projects and the normal
26 operations of functions of Trustee agencies. The motion in its

1 fullness is found at the bottom of page five in the third
2 paragraph from the bottom. Finally, we expressed our
3 appreciation for the attendance of Chief Scientist Spies. He
4 often saves several weeks of uncertainty over points of interest
5 and confusion, and such attendance really helps us reach our
6 decisions more expeditiously. That concludes the Public Advisory
7 Group report, but if there are questions, I'd be happy to answer
8 them if I can. There being none, thank you very much, it's nice
9 to see you.

10 MR. TILLERY: Ms. Williams.

11 MS. WILLIAMS: Mr. Chairman, Mr. McCorkle, thanks for
12 your comments, Mr. McCorkle. I would like to follow up on some
13 of the motions that the PAG presented to us ...

14 MR. MCCORKLE: Please.

15 MS. WILLIAMS: And, if appropriate I'd like to do it
16 now. I would like to take, I think, the most straightforward one
17 first, and that is on page 5 of the PAG minutes, the second
18 motion at the bottom, and that is that we, the Trustee Council,
19 issue recognition to Elder Walter Meganack, Sr. of Port Graham,
20 who passed away at age 80 (indiscernible) first effort since
21 early in the oil spill, on oil spill activities, and I move that
22 we do that.

23 MS. MCCAMMON: Mr. Chairman, we do have a resolution
24 that's being drafted, and it's my understanding there are people
25 from Port Graham who would like to address the Council, so we
26 haven't prepared one ...

1 L.J. EVANS: They're available. They haven't arrived
2 yet, but we expect them to be sent down.

3 MR. TILLERY: Okay, we'll reserve that one until that
4 time.

5 MS. WILLIAMS: All right, then we'll go to the second
6 motion and that is the first motion indicated in the package
7 here, and that is we the Trustee Council request the staff to
8 develop criteria to differentiate between oil spill-related
9 projects and normal operation functions of EVOS Trustee agencies.

10 MR. TILLERY: Are you then making that in the form of
11 a motion ...

12 MS. WILLIAMS: Yes.

13 MR. TILLERY: ... that we -- and what is -- your
14 motion would be that the Executive Director work to develop
15 criteria to present to the Trustee Council?

16 MS. WILLIAMS: Yes, first to the PAG and then to the
17 Trustee Council.

18 MR. TILLERY: Is there a second? Is there discussion?

19 MR. RUE: I have discussion. When you say its
20 operations -- operations, management -- is there any distinction
21 in your mind about what parts of an agency's functions one might
22 want to focus on, or is it generally the mission of an agency?

23 MS. WILLIAMS: Well, I think we -- I certainly have
24 heard in the year and a half that I've been on this Council a lot
25 of concern by the public that the Council is funding operations
26 instead of oil spill-related activities, projects that are within

1 an agency's normal mandate, and I think that criticism sometimes
2 has been focused on Interior as well as some other agency. I
3 think it is very appropriate, and particularly in light of the
4 PAG motion, that we take a hard look at this. I think we have
5 responsibility to look at this. I don't bring strong
6 preconceived notions to this, other than to, you know, direct
7 staff to take a hard look at this. I'm sure staff will involve
8 us in some of those preliminary discussions, and work with PAG
9 and then bring something back to us. But, I do think there is a
10 legitimate and real perception out there that the Trustee Council
11 should not be funding, you know, normal operational activities of
12 the agencies, that we should be funding operations specific to
13 recovery and restoration and so forth, and while that may not be
14 a bright line, I think there is probably a fuzzy line out there
15 that we ought to try and define in the future.

16 MR. RUE: (Indiscernible) we look at that. I was
17 just wondering if there wasn't any -- any kind of a
18 (indiscernible) on the flashlight being here.

19 MS. WILLIAMS: No, not at this point.

20 MR. TILLERY: Further discussion? I'd like to add my
21 own comments. It's -- I mean from the very beginning of this
22 Council that has been a focus, and it's been one of the public
23 and one of the Council's. I agree that we need to -- to look at
24 that issue. I'd also note that its -- it's good public relations
25 -- it's good policy, but we believe that it's also legally
26 required that we not use this money to fund normal agency

1 operations and we've done some work on that area enough to
2 satisfy ourselves that, as a matter of law, we should be staying
3 away from funding normal agency activities. Ms. McCammon.

4 MS. MCCAMMON: Mr. Chairman, I'd just like to read into
5 the record the fact that there is a policy adopted by the Council
6 and public for the Restoration Plan that says, government
7 agencies will be funded only for restoration projects that they
8 would not have conducted had the spill not occurred, and I
9 believe that the Public Advisory Group has requested and the
10 Council in this motion is that we be a little bit more specific
11 on what's normal agency management.

12 MR. TILLERY: I think that's correct.

13 MS. MCCAMMON: And, we're -- be prepared to do that at
14 the next meeting.

15 MR. TILLERY: Is there further discussion? Are there
16 -- is there anyone opposed to the motion. Hearing no opposition,
17 the motion is passed. Ms. Williams, did you have another?

18 MS. WILLIAMS: Oh, no. I'm not going to make a motion
19 on the last item.

20 MR. TILLERY: Does anybody else want to make a motion
21 on the last item or explanation? Okay.

22 MS. WILLIAMS: I certainly think, with respect to the
23 last one, I think all of us know that we have a strong
24 stewardship and leadership in projects. I think we all know that
25 sometimes projects don't go exactly as we planned, and -- and, we
26 regret when errors are made, and we try and resolve those errors

1 as quickly as possible.

2 MR. TILLERY: Thank you. Mr. McCorkle, is there
3 anything further that you have.

4 MR. MCCORKLE: No, I think not. I think it's redundant
5 to go ahead and repeat all the paragraphs that are in our report.
6 I know that you'll have time to look that over, and we are always
7 glad with the opportunity to come and visit with you. And, I
8 guess, something I should have said, maybe again, had one point
9 after closing and that is that we really do appreciate when it's
10 possible for you to send a representative to the PAG meetings.
11 Ms. Williams has been very helpful in clarifying certain things
12 and being able to get a -- keep a continual of -- of
13 communication going, so I know you can't always be there, but if
14 you can, it certainly -- you should know that you're welcome. We
15 are thrilled to death when you do get there. Thank you very
16 much.

17 MR. MCCAMMON: Mr. Chairman.

18 MR. TILLERY: Ms. McCammon.

19 MS. MCCAMMON: With that I might note that the next PAG
20 meeting is actually going to be a tour of Prince William Sound by
21 vessel on September 19th and 20th, and if any of the Trustee
22 members would like to join the Advisory Group for that, I believe
23 there -- there will probably be space on the boat.

24 MR. TILLERY: Thank you. Thank you, Vern. The next
25 item on the agenda is the Executive Director's report. Ms.
26 McCammon.

1 MS. McCAMMON: Thank you, Mr. Chairman. I believe you
2 should have in front of you or in your packets, the latest
3 financial report as of July 31, 1995. This is the statement of
4 revenues disbursements and fees and accompanying notes for the
5 Trust Funds for that period. This is been produced in this
6 format following a preliminary -- the preliminary work done by
7 the accounting firm of the Elgee, Rehfeld & Funk, and I believe
8 it accurately portrays the current status of the account as of
9 that date. What is missing is the quarterly financial reports
10 for all of the projects as of June 30th, and because of all the
11 work being done on the audit, RFP and some other things, we'll be
12 getting that to you in the next couple of weeks.

13 The next item I'd like to report on is the quarterly
14 project status report. As of June 30th, 1995, and what we've
15 been doing with this report is tracking all of the projects that
16 were funded by the Trustee Council since it's inception. To a
17 large degree, this has been the status of the final report of
18 these projects. However, for the first time in this quarterly
19 report, we're now tracking current ongoing projects to determine
20 if they're on schedule, if there are any problems that have
21 developed in those projects, and report back to you on a
22 quarterly basis as to those. We made a significant effort in
23 June, July of this year to address the backlog of late reports
24 that were due in '93. I think we've made significant progress on
25 that. There are only a few that are still outstanding that we
26 have some kind of resolution on, and there's been a lot of

1 progress made on those and I think the credit goes directly to
2 the agencies. A lot of (indiscernible) we're dealing with work
3 that was performed by principal investigators who have since left
4 for various reasons. (Indiscernible) We've just about finished
5 addressing the backlog of (indiscernible) that plagued, I think,
6 some of our earlier project reports. We're finally getting --
7 getting those in shape. The new report procedures have resulted
8 in the publication of a number of reports that are now available
9 through our Oil Spill Public Information Center. These are now
10 being -- a list of these is being developed and will be published
11 on the Internet and will be available across the world. Once
12 this report -- though it does show you that -- I wasn't aware
13 actually until I saw the report last week when it was prepared,
14 is that there is a backlog of reports that are due this year, and
15 a much greater backlog than -- than I had realized. The way our
16 funding cycle works, because we operate under the federal fiscal
17 year, an actual project encompasses two fiscal years. The field
18 work is in one fiscal year; the report writing and data analysis
19 is done in the second fiscal year. The actual -- I think in an
20 ideal world we probably would have funding from April to April,
21 that it's (indiscernible). The reports that were due for last
22 year, 1994 field season, were due April 15, 1995. This report
23 indicates to you that over half of these have not been submitted
24 yet. But, I have a -- an additional condition that I would
25 recommend the Council consider for adoption when we get to the
26 work plans for the FY'96 Work Plan to address that. And, I'd --

1 if there are any questions about this report, I think it would be
2 better to take them now.

3 MR. TILLERY: (Indiscernible).

4 MS. McCAMMON: Okay, the next major effort of that
5 Tracy (Cramer, the Director of Administration has been working
6 on, is with the audit. The request for proposals for the audit
7 is on the street. We've had significant interests from the major
8 accounting firms within the state and also outside of the state.
9 The deadline for receipt of those is in early September, and we
10 expect to award the contract sometime in -- around the third week
11 of September. We have a joint federal-state review team that
12 will be looking at all of the proposals that are received and
13 making a final decision on that. We are hoping, as part of the -
14 - the award -- the final audit would be due on March 1st, and we
15 should have the results of that audit by -- we should have a
16 draft in January and then the final report by March 1st, and it
17 would be my intent to include that report in the '97 annual
18 status report. The -- if you'll recall, the Trustees in November
19 adopted a strategy for investing the restoration reserve account.
20 This -- what seemed to be a fairly simply exercise at that time
21 has actually resulted in a very complex set of negotiations
22 between the Department of Law and the Department of Justice, and
23 the court registry investment system. We are within days, I
24 believe, of actually making the final request of the court on how
25 to set up the reserve and also how to invest the funds within it,
26 and Mr. Craig Tillery has been working on that, probably get some

1 more detail from him.

2 MR. TILLERY: Let me clarify that. We have filed and
3 the court has approved and issued an order setting up a reserve
4 fund, directing (indiscernible) fund and how that's going to
5 work. We anticipate filing today the motion that will transfer
6 \$24 million from the regular account to the reserve fund, and I
7 guess one of the issues we will deal with today is whether we
8 transfer an additional \$12 million through the reserve fund.

9 MS. MCCAMMON: The next item that I'd like to report on
10 is the status of the Alaska Sea Life Center. As you know, in the
11 November resolution when the Council approved this project, it
12 was subject to a number of conditions that had to be met before
13 the Executive Director could request the first installment of
14 \$12.5 million towards this project. I am able to report now that
15 these conditions have all been met. A final report is being
16 prepared. It will be circulated to all of the Trustees and
17 following your review and any questions you might have on that
18 report, then I will be prepared to ask the Department of Law and
19 the Department of Justice to request the \$12.5 million, or the
20 first installment. Lief Selkregg, I believe, is in the audience,
21 if anyone has any questions on this project, but it is currently
22 -- the site work is currently being done. This is being funded
23 with the criminal funds that the state approved several years
24 ago. The construction bid is expected to be let in December, and
25 the opening of those bids will actually be the true test of
26 whether this facility is actually planned and designed within the

1 funding that's available, and the way the Department of Fish &
2 Game has set up the contract between Fish & Game and SAAMS and
3 the City of Seward, there is a -- a measure in there that gives
4 the ability to stop the project if those bids come in over the
5 amount that's projected for the cost of the building. I think
6 there is a great deal of security that's being built in, safety
7 and conservatism that's being built into the entire project.
8 But, I would expect us to be getting that report on the -- the
9 final report sometime next week. But, I'd be happy to answer any
10 questions about this, if anyone has any at this time.

11 MR. TILLERY: Ms. Williams.

12 MS. WILLIAMS: To either Molly or Leif -- some of the
13 Trustee Council members may have either gotten calls or letters
14 of concern about the archeological resources that may be on the
15 site and measures that are being taken. Would either of you like
16 to review that for the record?

17 MS. MCCAMMON: I'll refer that to Leif Selkregg.

18 MR. SELKREGG: My name is Leif Selkregg, I'm the
19 project executive of the Alaska Sea Life Center working with
20 SAAMS, a non-profit corporation, is responsible for the
21 development and operations of the project. As required in our
22 agreement with ADF&G and with other funding agreements, we have
23 been providing archeological monitoring as part of our mitigation
24 plan on the project. Mike Yarborough of Cultural Resources
25 Consultants is our on-site archeologist, and there have been as a
26 result of some of the deep excavation in the road work, not on

1 the site, but in the adjacent roadway, some finds of
2 archeological significance. There is currently an evaluation
3 that is being conducted by SHPO with the Department of Interior
4 regarding the significance of these findings. We expect some
5 sort of report this week. If it's determined that these findings
6 are significant, we may do a full archeological investigation of
7 the site. However, if it is determined that they are not, we
8 will continue to have the routine archeological monitoring that's
9 required by law as we proceed with our excavation.

10 MR. TILLERY: Ms. Williams.

11 MS. WILLIAMS: And, if you determine that they are
12 significant, what would be the implication of that as far as that
13 project?

14 MR. SELKREGG: Well, we would -- the conversations to
15 date have pursued how we can address the archeological survey
16 during the next three or four months, and how we can address the
17 anticipated costs of that which may be between \$100,000 and
18 \$200,000. This would be a cost that would be outside of what the
19 project had planned for in its project contingency. If we're
20 able to conduct the survey in the next three to four months, it
21 will be no impact on the construction schedule. Our general
22 contract starts next spring, so we have a window of time which
23 provides us the opportunity to respond properly to the findings.

24 MR. TILLERY: I have one question here. Who makes the
25 determination as to the significance of the find?

26 MR. SELKREGG: SHIPO, I think, ultimately does that in

1 collaboration with the Department of Interior.

2 MR. RUE: Mr. Chairman.

3 MR. TILLERY: Mr. Rue.

4 MR. RUE: Who in the local community are you
5 working with? I assume you're working with people.

6 MR. SELKREGG: Well, there's about 2,500 people in
7 Seward that we're working with on a daily basis. (Laughter)
8 There is -- (indiscernible) Swawinski (ph) is a local citizen who
9 has some training and interest in archeology and has been
10 particularly active in making sure that the project addresses any
11 finding. That has been taken to the Planning and Zoning
12 Commission, Historic Commission, the local Historic Commission,
13 the City Council, the front page of the Seward newspaper
14 yesterday. So, I'd say that we're pretty much working on a daily
15 basis with any interested citizen in the community.

16 MR. TILLERY: Are there any further questions about
17 this archeology portion? Thank you -- or before you leave are
18 there any other questions in general with regard to the Seward
19 Center?

20 MR. HINES: Yes, Mr. Chairman, just one quick
21 clarification here. MOU has been signed between SAAMS and the
22 university?

23 MS. McCAMMON: That's correct.

24 MR. HINES: Okay.

25 MS. McCAMMON: It was adopted by the Board of Regents
26 at the meeting last week.

1 MR. TILLERY: Is there anything further? Thank you.
2 Ms. McCammon.

3 MS. MCCAMMON: Mr. Chairman, another upcoming event
4 that we'll be preparing for after this meeting is the Legislative
5 Budget and Audit Committee for the State of Alaska. They will be
6 meeting in Fairbanks in late September. At that time, we'll have
7 before them all of the state's work plan projects and also the
8 Sea Life Center funding at that time, and we'll probably be
9 calling on some assistance from the state agencies for that
10 effort. I know that at one point we had tentatively scheduled a
11 September 8th habitat meeting. It appears at this time that that
12 meeting will be delayed until all of the appraisals on the small
13 parcels are completed. But, I would like to give a brief report
14 here at this time to the status of some of the large parcel
15 efforts and the small parcel efforts. But, I wasn't intending to
16 go into great detail on these because I felt we'd probably have a
17 greater focus on it at the next meeting, which would be primarily
18 habitat.

19 In the large parcel effort, the Tatitlek appraisal work
20 is currently in the field and expected to be completed in the
21 next week or so. For Shuyak Island with the Kodiak Island
22 Borough, the final timber cruise is near completion. We expect
23 that appraisal to be completed in the next few weeks, and
24 hopefully, we'll have a final agreement with the borough some
25 time this fall. Chenega, there is still some further analysis
26 being done now to determine to what extent additional field work

1 is needed. Depending on that, we'll have a new analysis of what
2 kind of field work can be done for Afognak Joint Venture this
3 season. It is possible that because of additional field work on
4 the Chenega appraisals that the AJV appraisal could be pushed
5 back until next summer. For Eyak, we're also hoping that the
6 remaining field work, and there is some remaining field work that
7 needs to be done, but that can be completed this field season.
8 The Eyak Corporation is currently doing a land management plan
9 for their -- for the corporation's lands, and I expect that once
10 that's completed in February -- January or February -- that we'll
11 be working closely with the corporation to try to come to a
12 comprehensive package on the Eyak Corporation lands. And, then
13 the final one that's outstanding is for Koniag, and we're
14 currently aiming to reach a final agreement on that one by
15 November. So, I would say that in terms of timing as to what we
16 expect to come through next, Shuyak is probably the closest in
17 line. Chenega depends on the extent of the additional field
18 work. Koniag should be done this fall. Tatitlek, once the field
19 work is done, it is expected to be completed this summer. We
20 should end negotiations in September and October, and hopefully,
21 some kind of an agreement by late fall or early winter. There
22 are also -- there has been some interest expressed by other major
23 landholders for -- have expressed some possible interest in
24 selling interest, or selling fee title to their lands. The City
25 of Kenai has expressed interest in selling 2,000 acres of land at
26 the mouth of the Kenai River. These are all wetlands that are

1 owned by the city. Some of the communities of -- around Chignik
2 have expressed interest in selling -- at least interest or
3 selling some of those lands around Chignik, and I believe
4 Seldovia Native Association has expressed interest in selling
5 some 40,000 acres on the Alaska Peninsula. And, if these
6 expressions of interest become more firm, then we'll plan to
7 bring them back to the Trustee Council for a decision on whether
8 the Council is interested in having them go forward with an
9 appraisal.

10 The small parcel process, we currently have appraisals
11 being conducted on the package of high, moderate and parcels
12 meriting special considerations. The appraisals are all expected
13 to be in by the end of this week, with the exception of perhaps
14 one or two of those. They then have to be reviewed by the state
15 and federal review appraisers, any issues that are raised in
16 those reviews addressed, following that review and final
17 approval, the appraisals will be given to the landowners for
18 their review. We will be meeting with state and federal agency
19 folks to work on a proposed package to come back to the Trustee
20 Council, hopefully in late September or early October, and before
21 we make a final presentation to the Council on that, I'd expect
22 that we would, at least, have a telephone conference with the
23 Public Advisory Group, or some kind of a -- if not a formal
24 meeting with the PAG, to go over the proposed package in
25 addition. Since that time, when we first advertised the small
26 parcel process, we have received a number of letters and public

1 comment on a number of these parcels and these will be factored
2 in and will be made available to you as we go forward with the
3 package. Are there any questions at all on the status of
4 habitat? Deborah.

5 MS. WILLIAMS: I actually have three follow-up topics
6 to Ms. McCammon's report. The first one is pretty
7 straightforward. Are we targeting a specific date at this point
8 for our September, at least small parcels meeting?

9 MS. MCCAMMON; I would like to see it the last week of
10 September, if we could do that.

11 MS. WILLIAMS: Okay, September 20th ...

12 MS. MCCAMMON: 25th, 26th.

13 MS. WILLIAMS: 25th -- Counsel members available on the
14 25th. One reason, and I think it comes as no surprise, this is
15 important to accomplish, there is some uncertainty whether the
16 federal government will be operational October 1st, and so I
17 think it's in the interest of the small parcel owners and the
18 Council and our restoration efforts to certainly have this
19 meeting in -- in September. So, if we could target September
20 25th, that would be wonderful.

21 MR. TILLERY: Mr. Wolfe.

22 MR. WOLFE: The NRDA workshop starts which day?

23 MR. TILLERY: 26th.

24 MR. WOLFE: The 26th, okay.

25 MS. MCCAMMON: The 25th is still open.

26 MS. WILLIAMS: Secondly, on the status of the

1 appraisals, I would like to go on record as strongly encouraging
2 us to do whatever possible to complete the Eyak appraisal. I
3 know we do have some challenges with -- with the appraisal
4 schedule we have in front of us, but to the best of my knowledge,
5 the Eyak appraisal looks like it's fairly close to completion.
6 There is not as much work to do on that appraisal as on, at least
7 one other appraisal, and I think it is just very important that
8 we complete that appraisal if at all humanly, technically,
9 fiscally possible this season, so that we then, consistent with
10 Eyak's planning process, can sit down and start talking about an
11 acquisition package. So, I feel strongly about that, and
12 certainly hope we'll take whatever measure we can to complete the
13 Eyak appraisal this season. Lastly, I guess this is more in
14 terms of a question, with respect to the City of Kenai and
15 Seldovia Native interests, what -- what kind of stronger
16 expression of interest are you looking for before we bring to the
17 Council the question of whether to appraise the land? I think
18 that might be useful for these perspective sellers to know, and
19 then I would hope that perhaps at our September 25th meeting that
20 we could assess the question of whether we want to go forward and
21 appraise these parcels. But, it might be useful for both us and
22 them to know what -- what kind of expression of interest you're
23 looking at.

24 MS. MCCAMMON: Mr. Chairman. First of all, I would
25 expect we'd want something in writing expressing an interest, and
26 so far the word on Chignik has been basically word of mouth and

1 anecdotal -- so if there was some form of a formal request and
2 some kind of a formal offer, at least an indication of what lands
3 were being considered for possible acquisition, that would be the
4 first step there. And, I believe that Seldovia Native
5 Association is working with the Park Service and is actually
6 developing some kind of a proposal to present to the Trustee
7 Council for those plans on the Alaska Peninsula. The City of
8 Kenai expressed their interest orally to myself, and I have
9 checked with the Department of Fish & Game and the Department of
10 Natural Resources and Fish & Wildlife Service to see if they were
11 interested in acquiring those lands, and the unanimous answer was
12 yes, but depending on what price, and I've requested the City of
13 Kenai to submit some additional documentation on appraisals in
14 that area and some information they might have that would give us
15 an idea of whether it would be worthwhile to go to a full
16 appraisal on those plans, and at this date they haven't supplied
17 that yet. So, we've been in regular contact on that.

18 MR. TILLERY: Okay, other additions? Mr. Rue.

19 MR. RUE: Yeah, I have sort of one general concern
20 that might fit into this issue, and that is, the amount of money
21 that we're spending on appraisals -- some of the problems we've
22 had with appraisals -- I'd be interested in having some in depth
23 discussion on that issue, perhaps as part of the September 25th
24 meeting or maybe a half day, or workshop on exactly how
25 appraisals are getting done, what problems we're running in to
26 and why some of them aren't getting completed? Are there things

1 that we can do as a Council to improve that process. I feel it -
2 - it fits a subject worth some of our time. I've been
3 contemplating suggesting that we defer some of the funding for
4 our December meeting on the whole appraisal issue, you know,
5 approve some of it now and some later, sort of pending a review.
6 I don't know if that's acceptable to people, but I certainly
7 think we need to take a hard look at how those are getting done,
8 whether they're getting done and whether there are obstacles to
9 getting them done that we can overcome. So, I would suggest that
10 if other Council members are interested, we put together perhaps
11 in conjunction with the September 25th meeting, half day, a
12 couple of hours, whatever it might take, discussion of the whole
13 appraisal process. What's really needed and how we might do
14 better.

15 MR. TILLERY: It's very -- other people have comments
16 on that suggestion? Mr. Wolfe.

17 MR. WOLFE: Mr. Chairman, I think the whole
18 appraisal thing is very complex and we had a lot of problems and
19 it's confusing even to those of us that are working with it on a
20 daily basis, so, I think it would be an excellent idea, and I
21 would suggest that maybe we set up maybe a small study group to
22 evaluate what's -- what has happened over the last year, and
23 maybe come to that meeting with some recommendations on what we
24 could or couldn't do to -- to accomplish what you're referring to
25 -- to improve the process somehow or other, or to get a better
26 grip on what's going on.

1 MR. RUE: I -- who would you suggest -- having on
2 that group someone from the Department of Natural Resources,
3 Forest Service. It seems that the key land agency --

4 MR. WOLFE: As in Interior -- either Park Service or
5 the Fish & Wildlife Service, yeah.

6 MR. TILLERY: Sounds like a good idea to me.

7 MR. WOLFE: Ms. McCammon, is there any problem with
8 -- it seems to appear to be the sense of the Council to set up
9 some kind of a group to come forward before the next meeting with
10 an analysis of it to present to the Council members with -- using
11 the key agencies. Do you see any kind of problems with that --
12 getting that done?

13 MS. MCCAMMON: Mr. Chairman, I think we could
14 accomplish that, and I'd devote staff -- the Trustee Council
15 staff to working with this working group to do that and prepare a
16 report and develop some recommendations.

17 MR. TILLERY: Should we ask then of McCammon to -- to
18 put together that group and come forth the next meeting, is that
19 the sense of the group?

20 MR. RUE: I guess what I'd ask is that perhaps --
21 if Ms. McCammon would try and articulate the questions that I
22 just laid out there, we can work on -- or what questions we want
23 them to look at.

24 MR. TILLERY: And I, too, share your concerns, I mean,
25 it is the most frustrating part, that something we've engaged in
26 the last year have been the appraisal process. Last fall we made

1 the determination we were going to solve the problem by throwing
2 at it, which resulted in us throwing money at it, and nothing
3 else, as far as I can tell. There has to be a different solution
4 then what we're doing. Is there any further discussion, Mr.
5 Piper?

6 MR. PIPER: One thing that -- that has come up, I
7 know, in public comment about the appraisals, there are questions
8 about what the -- how we're actually appraising it and what the
9 criteria are that we use for looking at this kind of land that
10 goes into public ownership, and I think it would be worthwhile
11 to, maybe not resolve an issue, but simmering out there in the
12 appraisal community, but at least address it so that the public
13 understands how we look at lands and how appraisers look at
14 lands, and how we get to numbers we get to.

15 MR. TILLERY: Again -- is there any other -- I have a
16 comment on that which is, I think that may be the can of worms
17 that will take us into October and November, if we have a meeting
18 about that, based on my thinking -- my sense of what Commissioner
19 Rue is discussing with the Council -- is most concerned with is
20 our approach to logistically how we're doing these financially
21 and how we're doing them -- not the -- getting into the public
22 interest values and those kinds of issues, and it might be better
23 for a meeting that's coming up fairly quickly, just a program --
24 particularly since we're trying to approve a work plan that has
25 financial implications, that we focus on that. I -- those are
26 important points, but I think that in the near term, that's not

1 something we can probably address, but other Council members may
2 differ.

3 MR. PIPER: We can then focus on management of the
4 process.

5 MR. TILLERY: But, that is something we need to get
6 (indiscernible) further down the line (indiscernible). Mr. Rue.

7 MR. RUE: Again, Mr. Chairman, I think there's one
8 other issue that is related that isn't too complex that I would
9 like at least to think about, and that is the -- we set aside
10 sort of a pot of money for a particular large parcel and raise
11 that -- set expectations, and that sort of set aside has no basis
12 particularly. I'd like to look at how we do that, how we make
13 sure there's money for -- available for an acquisition without
14 creating an expectation out there that really has no basis, and
15 perhaps gets in the way of consummating some of the deal. But,
16 to me that -- that's a related question and I'd like to at least
17 review how we do that.

18 MR. TILLERY: That may be something that will be
19 suitable for a brief executive session at the next meeting.

20 MR. RUE: Okay.

21 MR. TILLERY: Part of the negotiations. Anything
22 further on the -- with regard to habitat protection? Ms.
23 McCammon, I had one item going back up to the audit. One of the
24 things that has bothered me for several years is a sense that we
25 are not getting full value in our money -- in our handling of
26 money, that money is sitting around, dormant, without turning

1 interest at times, too much time that transpires between when we
2 get a check and when it's earning interest that there -- we may
3 be -- happen there are ways we can earn higher rates of interest.
4 Is that something that the audit will be addressing, looking at
5 how we process money?

6 MS. McCAMMON: Mr. Chairman, I would refer that
7 question to Traci Cramer who has been working with -- on
8 developing the audit.

9 MS. CRAMER: Mr. Chairman, the issue of earning
10 potential of the funds is one that I'm sure that the auditors
11 will look at and probably will have an opinion on. It's not one
12 that is specifically identified in the scope of services as being
13 requested though.

14 MR. TILLERY: What about the transactions -- the way
15 the money moves from place to place, and how quickly it moves,
16 and so forth.

17 MS. CRAMER: Well, the -- the auditor will look at
18 the controls that are in place to ensure that the funds get from
19 point A to point B, and that the funds are being put into the
20 correct accounts. What that will give us though -- what it won't
21 necessarily give us recommendations on how to streamline the
22 process. It will give us a better understanding of how the
23 process is working, and we can look at that process and possibly
24 with that audit sit back and say, could we do it in a different
25 manner.

26 MR. TILLERY: I mean, one of my concerns is that I

1 have a sense that paper checks, that money comes out of interest
2 bearing account and it sits in a paper check that goes back and
3 forth across the country by Federal Express for a week or so, I
4 mean, something that could be \$20 million, not earning interest
5 during those several weeks when the rest of the world is using
6 electronic transfers and doing things instantaneously and is
7 immediately getting it into an interest bearing account. I wish
8 that were within the scope of somebody's work, or see if it's
9 within the scope of what somebody is doing, I would appreciate it
10 myself if that's something that could emerge from this, is some
11 kind of a recommendation, or at least that they could raise the
12 question where they see them where they're handling money
13 inefficiently.

14 MS. CRAMER: Well, we'll definitely talk to the
15 auditors about it interest conference. I mean, it is something
16 that's on my mind of why we have to manually take those checks
17 and deposit them. Why couldn't we simply do an electronic
18 deposit the way that Exxon is allowed to do to the Court Registry
19 Investment System. Why can't we do the opposite direction?

20 MR. TILLERY: Is there anything further from the
21 Council?

22 MR. MCCAMMON: Mr. Chairman, if I could ask Tracy, is
23 there any reason why that can't be added to the direction and
24 added to the contracts? Seems like it's not a major -- big,
25 major item.

26 MS. CRAMER: No, it can be done when we talk to them

1 in the interest conference. That is one of the areas of concern
2 that we have and could they review it and give us some possible
3 recommendations.

4 MR. TILLERY: Mr. Wolfe.

5 MR. WOLFE: What we're talking about is financial
6 management issue, not an audit issue, and we're talking two
7 different things here, but there's no reason why we can't
8 accomplish it if we ask them to do something.

9 MS. CRAMER: Absolutely right.

10 MR. TILLERY: My concern arises as trustees, and when
11 you look at what trustees do and how they get in trouble, one of
12 the ways they get in trouble is when they essentially waste
13 assets or waste opportunities with assets. We deal with such
14 large sums of money that even a week, or even a day, I would love
15 to have the interest on some of these checks I get for a day.
16 So, anyway -- I hope there is some way it can be looked into. If
17 it can't, then I think we need to come up with some other way.
18 Thank you.

19 MS. MCCAMMON: Mr. Chairman, that does bring up one
20 other item that I didn't mention before, and that is in
21 conjunction with the audit going out, we are reviewing and
22 revising the financial operating procedures. These were adopted
23 by the Trustee Council in 1992, they are obsolete, seriously
24 obsolete. We have one draft that's underway now, we should be
25 getting a draft out to the agency work force in the next week or
26 so, and that will probably be coming back to you in the form of

1 an action item, probably within the month.

2 MR. TILLERY: Thank you. Are there -- is there
3 anything else in the Executive Director's report?

4 MS. McCAMMON: That concludes my report.

5 MR. TILLERY: Are the individuals from Port Graham
6 here? At this time, what I'd like to do is take up a resolution
7 honoring Walter Meganack, Sr. The -- is a resolution by the --
8 by the Trustee Council. What I would propose to do is to -- is
9 to read the resolution and then ask some of the people who were
10 close to Mr. Meganack to come up, if they would like, and say a
11 few words. The resolution reads as follows, the Exxon Valdez Oil
12 Spill Trustee Council joins with the family and friends of Walter
13 Meganack, Sr. in honoring his life and accomplishments. Walter
14 Meganack was born January 13, 1915, in Port Graham to Mary
15 Tocuben and Riley Meganack -- and I'm, if I'm getting names
16 wrong, I apologize for that, pronunciations -- Walter's mother
17 died when he was three years old and he was raised by his father
18 in the traditional values of his people. Walter and his wife,
19 Lobova were married in 1937. They raised eleven children in Port
20 Graham. Walter is survived by Luba; their sons and wives, Riley
21 and Stella, Ben Sr., Walter Jr. Seraphim and Debbie, and Harvey;
22 daughters and their husbands: Mary Malchoff, Jean and Bob
23 Huntsman, Agens and Jim Miller, Alic and Mickey Anahonak, Frances
24 and Patrick Norman and Cheryl Moonin; 26 grandchildren and 23
25 great-grandchildren. As a leader for the Chugach Native people,
26 Walter was instrumental in passage of the Alaska Native Claims

1 Settlement Act in 1971. He was also active in the Alaska
2 Federation of Natives, where he was a passionate champion for
3 subsistence and the maintenance of traditional values. Walter
4 was one of the original incorporators of the Port Graham
5 Corporation and of Chugach Alaska Corporation. Walter was chief
6 of Port Graham for 29 years during which time he was instrumental
7 in bringing modern facilities and services to the village. As
8 the village chief, he made great personal sacrifices so that his
9 community might be a better place to live. He retired as chief
10 in 1989 because of health reasons. Walter supported his growing
11 family through subsistence fishing and hunting, trapping and
12 commercial fishing. He was deeply disturbed by the effects of
13 the Exxon Valdez oil spill on the marine environment he loved and
14 enjoyed, as well as its effect on the people of the region. He
15 spoke out powerfully many times in public forums to make the
16 plight known of the people whose livelihood and lifestyle were
17 devastated by the spill. His words and his example inspired
18 others to work to clean up the oil spill and to endeavor to
19 restore the natural resources. In 1989 Walter wrote, "I am an
20 elder, I am chief, I will not lose hope. I will help my people.
21 We have never lived through this kind of death, but we have lived
22 through lots of other kinds of death. We will learn from the
23 past, we will learn from each other, and we will live. The water
24 is dead, but we are alive, and where there is life there is
25 hope." The Exxon Valdez Oil Spill Trustee Council extends their
26 sincere condolences to the family, friends, and loved ones of

1 Walter Meganack, Sr. His commitment, dedication and pride in his
2 Alutiiq heritage and his eloquence will be greatly missed by all.
3 And, this will be signed and given to the -- the family. At this
4 time, is there anyone who would like to -- to speak?

5 MS. LYDIA ROBERTS: On behalf of (indiscernible -- out
6 of range of microphone), and I feel that he was a very dedicated
7 politician and a great teacher. He was one of the
8 (indiscernible) throughout (indiscernible). I'm also in the
9 dance group. I'll sing a song, I hope you don't mind.

10 MR. TILLERY: No, go ahead.

11 MS. ROBERTS: I'll sing a song that means thank you
12 very much -- thank you as (indiscernible) for taking for us, for
13 letting us eat. I'll take you to the (indiscernible). I'll put
14 it on the beach, I'll (indiscernible). And, he also taught us
15 how to use a song, a hunting song, throw it on a boat, the old
16 man has to be in the back, and he's got to watch the brave men
17 that he picks out the hunters for the year, and he kind of
18 (indiscernible) (Sings in Alutiiq) But, the main one on the
19 subsistence song I greatly admired is that the song for the
20 elders (indiscernible), you speak to them like you speak to your
21 dog or your babies, that's our tradition, we sing for our babies
22 and we do like that, but we sing for our elders and forget
23 (indiscernible - sings in Alutiiq). This song is dedicated to
24 Walter, and we love him very dearly. Thank you.

25 MR. TILLERY: Thank you very much. Is there anyone
26 else who would like to say something in the audience? No. Is

1 there anyone else on the Council who would like to say something.
2 I'd like to note that when I came to Alaska in the late 1970s as
3 a -- as a young, puppy lawyer, I worked in Alaska Legal Services
4 Corporation, and Port Graham and English Bay were two of the
5 villages that I went to, and I had the honor of knowing Walter,
6 and he was truly a very great person. Feel free.

7 MS. WILLIAMS: I move that the Trustee Council adopt
8 this resolution enthusiastically.

9 MR. TILLERY: All in favor?

10 TRUSTEE COUNCIL MEMBERS: Aye.

11 (Pause while Trustee Council members sign resolution.)

12 MR. TILLERY: On behalf of the Council I'd like to
13 present you with this resolution. Just for the record, just
14 before you leave, if you could let us make a copy of it. Thank
15 you, very much.

16 (Applause)

17 MR. TILLERY: At this time, does anyone need to --
18 anyone want to take a five minute break? Why don't we do that
19 then. Thank you, very much.

20 (Off Record 9:35 a.m.)

21 (On Record 9:50 a.m.)

22 MR. TILLERY: Can we start again? The Council members
23 can find their seats. Stan can find his seat. There's a couple
24 of things I remembered during the break that I'd like to bring
25 back at this time, one, was that I forgot to identify or have
26 them identify people from Port Graham who were here. Ellen

1 McMullen is here. Could you just briefly just tell us --
2 identify yourself for the record and for the people here and what
3 your relationship is to Walter?

4 MS. McMullen: (out of range of microphone) Elenor
5 McMullen born and raised in Port Graham. I have been involved
6 with the village council for the last, I don't know, 20 some
7 years, maybe it's not been that long. I've been involved in
8 health fields in my village for the last 22 years, and the
9 village council probably last 18 years. I'm just really
10 (indiscernible). I was elected and prepared for this position by
11 Walter. Just a lot of -- of work evolving around committees,
12 population, meeting people. We have various projects we've been
13 involved with, within the village, and it's a real -- it can be a
14 real trying time (indiscernible) at times. The Exxon disaster
15 was one of those, but we've withstood everything, you know,
16 through recovery, and we've come a long ways, and (indiscernible)
17 Walter, really appreciate this. It's really valuable to us.

18 MR. TILLERY: As I recall, you were also -- have been
19 instrumental in the Exxon, but did you not go back to Washington
20 and testify in front of the Congressional Committee on the impact
21 of the oil spill on the communities?

22 MS. McMULLEN: Yes, I did, at different times I
23 testified in front of the -- two different committees -- and
24 speaking health for this program.

25 MR. TILLERY: I'd just like to note that that kind of
26 testimony does not go unnoticed when the state was making

1 decisions about what to do with this criminal restitution monies.
2 Your testimony, in specific, was used as one of the reasons that
3 we set aside \$5 million to go to small communities for
4 subsistence related projects. So, don't -- sometimes one thinks
5 those things go in one ear and out the other, but that was one
6 that was actually heard. I thank you for that.

7 One other thing I would just like to mention with
8 regard to the habitat acquisitions, Deborah had mentioned her
9 concerns about the Eyak appraisal, I would like to mention that
10 with respect to Chenega, we have been working on the Chenega
11 appraisal. It's disturbing to sort of find out that, and I've
12 heard this a little bit before, that there is problems with that
13 appraisal. Chenega is a village that has worked very well with
14 the Council the last few years. They have been extremely
15 patient. We've been very appreciative of this. We've
16 particularly been appreciative of the tenacity of Chuck Totemoff
17 that he has demonstrated on this, and I would like to note my own
18 view that that is one that really needs to get done, and we
19 really need to go forward with, in my view. So, having said
20 that, I think the next -- I mean on the list is -- one more
21 thing, I want -- coming up is one of Walter's son -- is Walter,
22 Jr. Thank you for being here. The next item on the agenda is
23 additions to the injured species list. That's in your packet.
24 Is there someone who would like to speak to that? Is Dr. Spies
25 going to speak to that?

26 MS. McCAMMON: Yes, Mr. Chairman, first I'd like to

1 remind the Council that on page 32 of the Restoration Plan is a
2 table listing those resources and services injured by the spill.
3 These were not the only resources and services that actually
4 experienced injury as a result of the spill, but there is a
5 biological resources, they experienced population level or
6 continuing sublethal injuries. In the Restoration Plan there is
7 a process established for many (indiscernible) of injured
8 resources and services which calls for the list to be reviewed as
9 new information is obtained. We have received two proposals to
10 add several bird species to this list, as published in the
11 Restoration Plan. These have gone through a scientific review
12 process under the direction of the Chief Scientist, and his
13 recommendation is now before you, which is to add two additional
14 species to that list, common loons and Kittlitz's murrelets, and
15 I'd like to turn it over to Dr. Robert Spies to further explain
16 that recommendation.

17 DR. SPIES: Thank you, Molly. As Molly said the
18 Restoration Plan does allow for periodic review of the injured
19 species list to either remove species that are -- in our judgment
20 have recovered, or to add species on further consideration of
21 available data or new data that have revealed an injury that we
22 were unaware of. In this case, we did receive two petitions from
23 the U.S. Fish & Wildlife Service, one from Kathy Tulis (ph) to
24 add Kittlitz murrelets and, one, from Dave Irons to add loons,
25 cormorants, Arctic terns and mew gulls, scooters, Northwest crows
26 and black-legged kittiwakes. This is part of the normal kind of

1 process for amending this -- the injured species list, and as a
2 result of these nominations, we reviewed with the core reviewers,
3 who at that time included Peter Peterson, Chris Haney, George
4 Rose, and Stan Senner, and myself, and that's it. Stan Senner is
5 now the Science Director and he has continued on, and I'd like to
6 acknowledge his -- he is Science Coordinator, excuse me, and he
7 has continued on to help me with this particular series of
8 nominations, he has done a lot of the leg work and has
9 accomplished or acknowledges -- so, appreciate his help in this.
10 We held a meeting on this, a review of the available information,
11 and drafted a recommendation to the Executive Director, and we
12 used available -- kind of the available information on carcasses
13 in the morgues, and also some of the survey data, particularly
14 the boat survey data on populations to get an idea of what the
15 status of these populations were and what the potential injury
16 was. The criteria that we used included the severity of the
17 injury to the population, and whether recovery from injury is
18 apparent, and thirdly, the strength of the evidence. And,
19 considering all of these, tying this information together, and
20 then we made some sort of a judgment as to whether the
21 combination that were put forward were justified. As a result --
22 I won't go through each of these, but I will -- like to highlight
23 the information, particularly on the Kittlitz's murrelets and the
24 loons, which we are favorably recommending to the Trustee Council
25 to add to the list. For the loons, firstly, the -- there were
26 about 395 carcasses recovered, including four species of loons,

1 common loon, yellow-billed, red-throat and a Pacific loon. Of
2 these 395 loon carcasses that were recovered, at least 216 were
3 common loons, so the bulk of them are common loons. The regional
4 population of loons is not precisely known, but it's probably, in
5 the oil spill region, several thousand, and given the fact that,
6 in general, for birds something around ten percent of the -- of
7 the killed birds were actually recovered, according to work that
8 we'd done earlier during damage assessment, we think that -- it's
9 a pretty significant proportion of the local population was
10 killed by the spill. Based on that information and some survey
11 evidence that we're making a recommendation to add loons to the
12 injured species list.

13 For the Kittlitz's murrelets, there were over 1,000
14 murrelet carcasses recovered from the spill, but it included two
15 species -- it consisted mainly of two species, 72 Kittlitz's
16 murrelets were among those that were positively -- or positively
17 -- or 72 were positively identified as Kittlitz's murrelets, and
18 612 was marbled murrelets, and there was 413 unknown, and it's
19 likely that they -- a significant portion of the unidentified
20 carcasses were in fact Kittlitz's murrelets. The Exxon Valdez
21 oil spill area is in fact the center of the world's Kittlitz
22 murrelets population, which maybe as little as 20,000
23 individuals. So, assuming that some of the recovered carcasses
24 that weren't identified were, in fact, Kittlitz's murrelets and
25 given the 72 that were identified, and the likelihood that ten
26 percent or more, or even less, excuse me, were recovered that we

1 think that the Kittlitz's murrelets suffered a pretty significant
2 hit from the spill, and this is backed up by the Pacific Seabird
3 Group, which has published some articles in its newsletter, as
4 well as written letters to the Trustee Council, regarding the
5 Kittlitz's murrelets, and we also have survey data from both the
6 Trustee and the Exxon funded boat surveys that provide some
7 evidence of decreased populations of Kittlitz's murrelets in the
8 post-spill. So, we have a positive recommendation for adding
9 Kittlitz's murrelets to the injured species list. So, those are
10 the two positive nominations. The other ones were generally not
11 accepted, mainly because of the strength of the carcass data. So
12 few carcasses were recovered in relation to relatively large
13 regional populations that we can think of, addition of these was
14 not merited at this point.

15 MR. TILLERY: Are there questions of Dr. Spies? Ms.
16 Williams.

17 MS. WILLIAMS: With respect to the carcass evidence,
18 don't some birds like cormorants sink when they die, and does
19 that effect your analysis of the carcass evidence?

20 DR. SPIES: Yeah, it was rather a long study that
21 was done and one of the -- one of the -- study that was done by
22 Glen Ford of Ecological Consultants in Portland, and one of the
23 main -- you look at the number of birds that were probably killed
24 and you try to look at the factors that contributed to that, you
25 have to take into account that a lot of the carcasses sunk. Even
26 those that arrived on shore could have been very by movement of

1 sub-strait, could have rotted before anybody found them, or could
2 have, more importantly, been eaten by predators, and we found a
3 very significant predation on carcasses that were washed up into
4 the separate studies. So, we had to take all these factors into
5 account. Looking at the number of carcasses you actually had,
6 and another factor was the number of beaches that were surveys,
7 so you kind of work backwards to the total -- total population
8 and total mortality that we thought we had based on those
9 factors. And, certainly sinking birds was a major factor.

10 MS. WILLIAMS: And, even taking that into
11 consideration, for example, on the cormorants, you decided that
12 there was enough, not enough mortality?

13 DR. SPIES: Yeah, it has a -- I think it's a --
14 there are about 800 cormorants, about three different species of
15 pelagic, red-faced and double-crested that were recovered, and
16 there are about 418 pelagic, which are probably -- were the most
17 injured, but the regional populations are in the -- at least in
18 tens of thousands in the cormorants, so I was -- it was our
19 judgment that this -- that the -- in this case the evidence
20 wasn't quite strong enough to recommend to adding cormorants to
21 the list.

22 MS. WILLIAMS: Do you have a rule of thumb for every
23 cormorant found, one could infer X number died and sunk?

24 DR. SPIES: Generally, about 10 to 12 percent of the
25 birds that -- that were killed were recovered, but that varies
26 from species to species. It possibly could be more for

1 cormorants, or not -- species specific determination of -- were
2 not generally done during that damage assessment. So, we don't
3 have a precise formula for that calculating. And, there's a lot
4 -- there's a lot of judgment involved here because the
5 information is not very precise, either on the regional
6 populations or -- there's a lot of uncertainty surrounding the
7 estimates of total mortality and a lot of, you know, debates
8 scientifically about the actual mortality was relative to the --
9 to the carcasses recovered.

10 MR. TILLERY: Ms. Williams, further questions? John.

11 MR. HINES: Mr. Chairman, one quick question about
12 the carcasses, those that have been identified and those
13 unidentified. Do we still have those carcasses, and -- or have
14 they been destroyed?

15 DR. SPIES: They've been disposed of several years
16 ago. They were ...

17 MR. HINES: So, you're assuming that those
18 unidentified ones are like Kittlitz's murrelets, for example.

19 DR. SPIES: Some of them would be, a proportion that
20 would be about the same as proportion that were identified.

21 MR. HINES: In terms of your population baseline
22 data, how extensive is that and how were you able to ...

23 DR. SPIES: Well, for the murrelets, our best
24 information -- pre-spill information comes from the mid-70's and
25 from the mid-80's, from both surveys, and then again starting in
26 1990, post-spill, and most years since the spill there have been

1 population surveys done, and the Kittlitz -- I mean the
2 *Brachyramphus* murrelets, which includes both the Kittlitz and the
3 marbled murrelets that they've been increasing slowly but -- not
4 terribly significantly.

5 MR. HINES: And so this -- in terms of maybe some
6 follow up projects will help define, better define, what the
7 baseline -- population baselines are?

8 DR. SPIES: Certainly, any follow up project has
9 been proposed which is favorably recommended were Kittlitz's
10 murrelets, which would look at both the population and some of
11 the reproductive biology and gather more basic information about
12 the life history of those -- of this species. I think that will
13 help both define what the injury was and possibly give us some
14 idea of whether there is recovery.

15 MR. HINES: Thank you, Mr. Chairman.

16 MR. TILLERY: Additional -- Mr. Wolfe.

17 MR. WOLFE: Given that there is a follow up study
18 dealing with murrelets, I have a question, and that is, you're
19 estimating that some percentage of the remaining 612 that were --
20 or 413 that unidentified were -- were Kittlitz's murrelets, and
21 even if you assume -- if you assumed the same ratio, you still
22 would have less than 100 probably that were Kittlitz, certainly
23 be that range, and then when you compare that to the population
24 level of 20,000, isn't that within the normal variation for that
25 population?

26 DR. SPIES: That 20,000 would be the -- would be the

1 total world's population, and -- and we would think that some
2 significant part of that would be in the Sound area.

3 MR. WOLFE: That's what you indicated.

4 DR. SPIES: Yeah. Also, the other thing to take
5 into consideration is this ratio between the number found and the
6 number actually killed, and how that might vary from species to
7 species, and the murrelets are relatively small, and there was a
8 feeling of a lot of people that the murrelet carcasses could have
9 been easily overlooked much more than other species, so that also
10 went into our judgment.

11 MR. WOLFE: That even if there would have been a
12 factor of two or three, it still would have -- probably been in
13 the natural variation of population for that group within ...

14 DR. SENNER: We'd be -- Mr. Wolfe, we'd be looking at
15 a possible mortality of more than 1,000 -- more than 1,000
16 Kittlitz murrelets under these assumptions, and then you're
17 talking about 10 percent of not just a regional population, but a
18 world population and that was the basis for the recommendation.

19 MR. WOLFE: Okay.

20 DR. SENNER: And ...

21 MR. WOLFE: If you're finding 10 percent rather than
22 one percent or less than I don't have any further question.

23 MR. TILLERY: Are there additional questions? Is
24 there a motion? Commissioner Rue.

25 MR. RUE: I move that we add these two species to
26 the list of those that were injured by the spill.

1 MR. TILLERY: Is there a second?

2 MR. HINES: Second.

3 MR. TILLERY: Is there discussion? Well, I have some
4 discussion because I -- going through this, have the same
5 reaction that I think Deborah had, I mean, you just indicated 10
6 percent was a major number. If I look at cormorants, and you
7 found 800, and you multiply it by 10, you've got 8,000. If your
8 few tens of thousands means that 35 -- 30,000 out there, that we
9 just -- we killed 25 percent of them, that's much more than 10
10 percent, and I guess cormorants and scoters, it certainly appears
11 to me were pretty significantly impacted, if you're using this
12 sort of 10 percent kind of analysis. I certainly agree that -- I
13 personally agree that the loons and murrelets should be added.
14 My own view is that scoters and cormorants should be added also.
15 I don't know if there is any additional work that is being
16 contemplated that would clarify whether those were injured, or
17 whether this is the last shot for those and they are being
18 written off.

19 DR. SPIED: Well, the other thing about the analysis
20 there is that the 800 cormorant carcasses recovered represent
21 several species.

22 MR. TILLERY: Now, I understood a few tens of
23 thousands represented several species, also, but -- to the way
24 it's written, is that -- was that just the pelagic that was
25 (indiscernible -- simultaneous talking).

26 DR. SENNER: No, you're right. What we really don't

1 know though when you come down to it is -- is, we don't have
2 population estimates for any of those species. We do know,
3 however, that the pelagic cormorant is the most abundant of the
4 species, and this is reflected by the fact that it had the most
5 carcasses in the morgue. So, if you look at the 400 pelagic
6 cormorant carcasses and then it being the lion's share of a
7 population in the tens of thousands, and we don't know how many
8 that is, that -- that is where there is a judgment to be made,
9 and I think you're identifying that as a -- as a question mark is
10 appropriate. It was arguable. I think one could go either way
11 on that, and one possibility with Dr. Spies's concurrence is that
12 there is a plan to be looking at the entire injured species list
13 again over the coming months, including those that are already on
14 the list, and reviewing that status, and if you want us to look
15 again at scoters and cormorants, it doesn't need to be a closed
16 issue today.

17 MR. TILLERY: Commissioner Rue.

18 MR. RUE: Yeah, both -- and what would you look at
19 in addition to what you've already looked at -- could help us
20 decide whether or not there is a -- decision made.

21 DR. SPIES: We make -- we try to make some more
22 quantitative estimates here of proportions of populations, and
23 see if there is any new population data that could be used, but
24 we think we've surveyed most of the available information, and,
25 you know, we're all (indiscernible) -- set by uncertainties in
26 this process, not having as much data as we'd like. And, so it

1 became a judgment call, and I concur with Mr. Senner's remarks
2 that -- that it's a matter of judgment whether the cormorants and
3 a couple of the other species might be added, the scoters for
4 instance. You know, it was a close call.

5 DR. SENNER: I think the other thing we can do is we
6 did circulate drafts of this recommendation to agency biologists,
7 had comments back, in fact particularly from the people who
8 submitted the petition. We can enlarge the circle of people who
9 look at those judgments, go to the Alaska Maritime Refuge staff
10 where there are lots and lots of cormorants, for example, under
11 their sort of jurisdiction, and see if they can give us better
12 estimates than we have in our hands of the number of cormorants,
13 and that might allow a more quantitative assessment than we've
14 been able to do.

15 MR. WOLFE: I guess if they feel there are useful
16 trails to pursue here than I would encourage we do that.

17 MR. TILLERY: Are you suggesting we should, in terms
18 of ...

19 MS. WILLIAMS: I would amend the motion to ask Dr.
20 Spies and Mr. Senner to re-examine the data on -- re-examine and
21 gather additional data on cormorants and scoters and come back to
22 us with recommendations on those two species.

23 MR. TILLERY: Is there a second to the amendment?

24 UNKNOWN: Seconded.

25 MR. TILLERY: Is there any discussion?

26 MR. WOLFE: One question. What is the significance

1 -- it's still not clear to me of adding new species to the
2 injured species list?

3 DR. SPIES: What are we going to find?

4 DR. SENNER: Maybe two considerations. One, is just
5 a matter of sort of the history -- the record, the historical
6 record, if you will, and in both of these cases we're not
7 responding here to -- to newly gathered information that just
8 suddenly appeared on the scene. These are species that in the
9 rush of the first few years of the oil spill simply did not get
10 the kind of attention that might have been directed to them in an
11 ideal circumstance, so in that sense it's just a matter of
12 reviewing old information and setting the record straight. The
13 second part of it is that to the extent that the Trustee Council
14 wants to consider funding work directed to identifying --
15 providing information about those species, taking steps that lead
16 to their recovery, obviously having them on the injured species
17 list makes a stronger, well, it's essentially a requirement for
18 further attention. It doesn't mean a commitment to provide those
19 funds, but it is at least a pre-requisite to providing funds.

20 DR. SPIES: We have the carcasses of 90 different
21 species of birds in the morgue, and it becomes somewhat
22 arbitrarily, in a sense, scientifically to draw the line
23 somewhere, and to which ones you'll include and which ones you
24 won't. You can't do everything.

25 MR. TILLERY: Ms. McCammon.

26 MS. MCCAMMON: Mr. Chairman, there's a whole section in

1 the Restoration Plan that addresses this question, and then to
2 the policies that were adopted in the plan -- restoration
3 activities may be considered for any injured resources or
4 service. Restoration will focus on injured resources and
5 services and will emphasis those that have not recovered. They
6 may -- restoration actions may address resources for which there
7 was no documented injury if these activities will benefit an
8 injured resource or service. Resources and services not
9 previously identified as injured may be considered for
10 restoration if reasonable scientific or local knowledge obtained
11 since the spill indicates a spill-related injury. Priority will
12 be given to restoring injured resources and services which have
13 economic, cultural and subsistence value to people living in the
14 oil spill area, as long as this is consistent with other
15 policies. And, in further discussions on this section, there is
16 a section that says, it is possible to -- restoration actions may
17 address resources that are not listed as injured if these
18 activities will benefit an injured resource or service. For
19 example, it may be permissible to focus activities on an injured
20 -- uninjured resources, if aiding the resource will help a
21 service such as subsistence or commercial fishing. So, I think
22 this clarifies a little bit that there was quite a lot of thought
23 given on the idea of focusing the major restoration activities on
24 this list, but not exclusively to any other kind of activity.

25 MR. TILLERY: Are there further questions? Call the
26 question -- is there anyone -- I guess what we're voting on is

1 the amended motion -- motion as amended. Is there anyone opposed
2 to the motion as amended? (No response) Hearing none, the
3 motion, as amended, passes.

4 MS. McCAMMON: Mr. Chairman, I'd also like to clarify
5 that, one of our goals this winter is to go back through this
6 list, the entire list, and look at it very carefully, and also
7 the recovery objectives that are listed in the Restoration Plan.
8 There is a growing sense that some of the recovery objectives in
9 here are -- may not be possible to ever truly achieve. For
10 example, there are some that -- that because there was a lack of
11 pre-spill data, the recovery objectives is when the populations
12 on the western, oiled side of Prince William Sound are equal to
13 the eastern, unoiled side of Prince William Sound. There is --
14 for some species there is an increasing feeling that maybe those
15 differences in population aren't due to the fact that one was
16 oiled and one wasn't, but maybe because of some kind of
17 environmental -- inherent environmental differences, and so not
18 only the injured species -- was for the recovery objectives for
19 each of those will be re-examined this winter.

20 MR. TILLERY: The next item on the agenda is FY '95
21 technical budget amendments. Is someone going to (indiscernible
22 -- simultaneous talking).

23 MS. McCAMMON: Mr. Chairman, in your packet when
24 funding for the audit was initially put in, into the
25 administration budget last year, it was put in -- funds were put
26 in both the state and the federal side, with the idea that there

1 would be two audits. Since that time, it became clear that we
2 really wanted to have the same company do both audits, and by
3 having separate contracts we couldn't guaranty the same company
4 would do both audits. So, it seem to make a lot more sense to
5 have one audit contract, and for that reason the recommendation
6 is to transfer the funding from the federal agency and from the
7 state agency that originally received the money to the Department
8 of Fish & Game for the purpose of contracting for the external
9 audit.

10 MR. TILLERY: Is there a motion?

11 MS. WILLIAMS: Motion to transfer funds.

12 MR. RUE: Second.

13 MR. TILLERY: Are there any -- is there any
14 discussion? Mr. Piper is not here at the moment. I'm not sure
15 we can vote. Does anybody know where Mr. Piper went? I think I
16 saw him here before. While we're waiting for Mr. Piper,
17 McCammon, we're probably going to finish -- be here at 10:30 --
18 we're going to be through here by 10:30 on this stuff, preceding
19 the public comment period at 11:00. Do you have other matters
20 you want to bring up at this time, or when we get through.

21 MS. McCAMMON: Mr. Chairman, I have a presentation on
22 the work plan that would probably -- with questions, would
23 probably take us close to the 11:00 o'clock public comment period
24 because I would assume that you would not want to take any action
25 on that until after the public comment.

26 MR. TILLERY: The motion before the Council is to

1 approve the transfer of \$52,000 from the Department of
2 Environmental Conservation and \$50,00 from NOAA to the Department
3 of Fish & Game for the purpose of contracting for an external
4 audit in FY '95. There was brief discussions -- Mr. Piper, are
5 you prepared to vote on it at this time? (Mr. Piper indicates in
6 the affirmative.) Is there anyone opposed to the motion? (No
7 response) The motion carries. And, I -- with that would note
8 that public comment is set for 11:00. We have worked our way
9 through the agenda up to that point. Ms. McCammon indicated that
10 it would be a good time to go forward with a presentation on the
11 work plan, maybe get a jump on this afternoon, plus it might be
12 beneficial to people who wish to comment on the work plan. So,
13 unless anybody has any objection, why don't we go ahead and do
14 that.

15 MS. MCCAMMON: Okay, Mr. Chairman, you have in front of
16 you a packet called handouts for discussion of the Executive
17 Director's recommendation, and I believe there are copies in --
18 outside for the public also, and they have been faxed -- (cough)
19 -- excuse me -- the LIO sites that are on-line now. But, if you
20 look at the first page, this is a -- basically the kind of table
21 we've been using from the restoration plan to our annual status
22 report. We've considered this the source of our major planning
23 efforts here. It's how, basically the funds from the settlement
24 are to be spent. And, we consider this the direction that was
25 given to the staff when the Trustee Council adopted the
26 Restoration Plan last November. These figures that you see here

1 on this table, are very rough, they are approximate. They --
2 final numbers depend a lot on how much money is left each year by
3 agencies because the money wasn't spent for a particular project,
4 influenced by the amount of interest that were earned, that is
5 earned by the various funds and may have some new efforts to try
6 to increase those interest earnings. So, the numbers are
7 somewhat squishy, but I think this gives a very good indication
8 of how much the Council is intending to spend on the various
9 aspects of restoration. A major portion of the restoration
10 program is habitat protection. Approximately \$375-\$380 million,
11 this represents about 45 percent of the settlement funds. This
12 is for both large and small parcels, past purchases and
13 anticipated -- future purchases. It also includes past support
14 costs and estimated future support costs. As we discussed
15 earlier this morning, it is our goal to look at the cost for the
16 support for these activities in an effort to streamline and
17 reduce those costs and make the process more efficient. So, that
18 is the major portion of the restoration program. Another major
19 portion of the restoration program that was adopted in the
20 Restoration Plan was establishment of the restoration reserve,
21 and what you see with that \$108 million is a commitment for \$12
22 million a year through the life of the settlement, plus whatever
23 interest is being earned by it. Through the activities that Mr.
24 Tillery has been working on and Barry Roth in the Department of
25 Justice, the interest rate that is being earned on those funds
26 should be significantly higher than it is in the regular Court

1 Registry Investment System. So, we're estimating approximately
2 \$145 to \$150 million in the restoration reserve by the year 2002,
3 with the idea that if this were put into some kind of a perpetual
4 endowment and inflation proofed, depending on interest that you
5 would get from it that you would be looking at somewhere between
6 \$4 and \$6 million a year on -- in interest that you could have
7 available to spend without affecting the principal.

8 The next element is reimbursements. This is a cost of
9 \$177 million total. This includes the research monitoring, and
10 other damage assessment costs. This funding was primarily the
11 kind of work plan activities that were performed by the agencies
12 immediately following the spill. So, to a large degree, I think
13 you can look at these as research, monitoring, general
14 restoration type activities. They're far the vast amount of
15 those expenditures are included in that area. Public
16 information, science management and administration over the life
17 of the settlement, a total of \$36 million estimated. The past
18 support costs of \$19.1, and estimated future costs of \$16.6.
19 And, again, as in the habitat protection support costs, these are
20 areas that we're looking at very closely for areas of reduction
21 because when this can be reduced, it makes more available for
22 some other recreation activity.

23 And, then, the category of research monitoring and
24 general restoration, approximately \$180 million. The PAG's
25 expenditures have been a total of \$87 million, anticipated
26 expenditures approximately \$92 million, and this is no hard and

1 fast firm number, but it's -- but it's in that range. And,
2 there's a general category of adjustments which, the way we
3 balance our books with past interest, deductions, court fees,
4 this is where Exxon's clean-up following the settlement was
5 accounted for. So, the total here is \$900 million, but it's
6 actually more once you take into account interest.

7 MR. TILLERY: Ms. Williams.

8 MS. WILLIAMS: Ms. McCammon, in the adjustment
9 category, how much is attributable to Exxon's clean up?

10 MS. McCAMMON: I believe it was \$39.9

11 (Aside comments - outside of range of microphone.)

12 MS. McCAMMON: \$39.9 actually.

13 MR. TILLERY: That is the right number.

14 MS. WILLIAMS: And then, how does that square with the
15 \$23 million figure?

16 MS. McCAMMON: Interest, fees ...

17 MS. WILLIAMS: So, basically you're deducting ...

18 MS. McCAMMON: We've made up in interest.

19 MS. WILLIAMS: So, it's really Exxon minus interest.
20 I'm confused.

21 MR. TILLERY: We -- we made money with interest, we
22 lost money with Exxon, we lost money with the court fees.

23 MS. McCAMMON: Right.

24 MR. TILLERY: You add them all together and we lost
25 \$23 million?

26 MS. McCAMMON: Yes.

1 MS. WILLIAMS: I -- I found that category a confusing
2 category. I think that may be the first time we've ever sort of
3 categorized (indiscernible -- simultaneous talking).

4 MS. McCAMMON: In the Restoration Plan.

5 MR. TILLERY: (Indiscernible -- simultaneous talking)
6 saw it myself.

7 MS. WILLIAMS: I think it -- just for the public, it
8 might be more helpful -- because if you just look at adjustments
9 that say \$23 million, and then you interest, and they go, well
10 that should be a plus, you know, minus, because these are
11 expenses. It's very confusing, so I think we ought to be more
12 explicit and saying this is really Exxon's clean up fees, and
13 then offset by interest and so forth because it's quite confusing
14 as it's being done now.

15 MR. TILLERY: It seems to be a consensus of the
16 Council, thank you.

17 MS. McCAMMON: We'll follow up on that. If you look at
18 the next page then, we're focusing on this page in the next
19 graph, on the estimate of future work plan expenditures, and I
20 know that for the last six months or so, I have been talking
21 about a target of \$18 million dollars for the research monitoring
22 and general restoration projects, and this graph we put together
23 is to try to describe to you why this is a real number. If you
24 assume that the other commitments are going to be made to the
25 restoration reserve and habitat protection, this leaves a finite
26 amount of money for research monitoring, general restoration and

1 work planning expenses. It is -- there are a couple of different
2 ways you could look at it, you could look at it as a pool of
3 money that you divide up by the remaining years left of the
4 settlement, and then do it equally. If that were the case, the
5 FY '95 work plan expenses were about \$19.5 million. You'd have
6 to go down this year to about \$13 million. That would be a very
7 dramatic decrease. It would mean closing out a lot of projects
8 that were started last year, not doing a lot of things, really
9 having to focus very tightly. What I've recommended for the
10 future years, and this is actually a joint recommendation because
11 this has really been worked out with the staff from the various
12 agencies and with the Public Advisory Group, it's taking it down
13 at a more moderate pace over the years, until we've reached that
14 end of the settlement period where the expenditures are somewhere
15 between six and eight million. At that time, the Council will
16 have made a decision on what to do with the restoration reserve
17 and how that kicks in and what -- what the future uses of the
18 reserve are, and how about what the -- and how they would be
19 allocated. So, the recommendations for this year's target is \$18
20 million which would result in a target figure next year of
21 somewhere between 16 and 16 and a half the year after that about
22 14, 12, 10, 8. It's roughly two million and that's give or take.
23 You know, there's some slush there depending on whether a project
24 -- whether you're appropriating funds for a three year or five
25 year project, or whether it's just a one year project that you
26 don't anticipate going the next year, so there's some flexibility

1 in those numbers, but I think it's fairly close to being
2 accurate.

3 MR. RUE: Mr. Chairman.

4 MR. TILLERY: Mr. Rue.

5 MR. RUE: This has sort of an interesting -- may
6 have interesting policy implications. If you had the line aimed
7 at zero -- coming -- ending up at zero, then the restoration
8 reserve would have a clean slate theoretically to begin with.
9 The way we're doing it now, it assumes that the future of the
10 restoration reserve is set, at the end of this time, I mean, it
11 assumes kind of the transition into the reserve funding for those
12 projects. Maybe that's fine, maybe that's absolutely fine that,
13 you know, we'll decide that -- the future Councils will decide
14 that that's great, but -- that might be an interesting question
15 for us to think about, because it is begged by this chart. So, I
16 -- I don't have an answer, I just think it's -- we've sort of set
17 a direction here which others can change in the future, but I'd
18 certainly like to think about that, and I don't think it
19 necessarily affects this year's decision, but -- and I guess I
20 would suggest that we might want to think about it in terms of
21 the Restoration Plan, and I have appreciated your, Ms. McCammon,
22 bringing us back on plan, consistently, and it's saying the plan
23 has a statement about this, and that's sort of good, I think, for
24 us to be kept aware of that. Is there something in the plan
25 right now that lays our assumption in this area? Maybe it is a
26 longer term question, we don't need to address it today.

1 MR. TILLERY: It's my understanding that it's this
2 black line that binds us and we don't know what that's going to
3 do in the next few years. The other line it gets us down to at
4 least a low number where even to chop it off, it wouldn't -- I
5 mean, it would be a lot smoother than chopping off an \$18 million
6 expenditure. But, that black line, if that ends up at \$6 million
7 and then a bunch of projects, get to finish them, we've almost
8 essentially wasted money, then something has been bound. But, I
9 agree with your thought on this and I wondered if something that
10 it's something that not only we should think about but that the
11 Public Advisory Group might want to think about.

12 MR. RUE: At this point, I'm satisfied, but just throw
13 it out as a question, and what form we use to address it. I
14 think we need to think about.

15 MS. McCAMMON: Mr. Chairman, I think Commissioner Rue
16 raises a good point there because you, certainly, in the year
17 2002 wouldn't want to start \$6 million worth of new projects that
18 had a five year life unless you knew what the decision was on the
19 restoration reserve and how to proceed there. So, I think every
20 year as we get a little bit closer to that date, we'll have a
21 better idea, and certainly, depending on what the future of the
22 reserve is, most of those projects would be close-outs at that
23 point, would be completing work that have been started in earlier
24 years. I had thought that this year our major focus over the
25 winter would be looking at the injured species list, recovery
26 objectives, and we've also had significant discussions,

1 internally and with several of the Trustees about trying to put
2 together some kind of a forum whether it's written or a workshop
3 or something, kind of a retrospective look at the process of the
4 Trustee Council over the last few years, with the idea that the
5 following year we would begin a public process on the restoration
6 reserve and trying to develop some options for future use of the
7 reserve and take that to the Public Advisory Group and to the
8 communities and start the discussion on that. I know there's
9 been some follow-up discussions since that time, there may be
10 interest in getting that process started now. I think there's a
11 feeling of the more we know how things are going to work in the
12 future, that gives the agencies the ability to better plan for
13 their future expenses and how this works with ongoing programs
14 too. So, I'd be open to what the Council's desires are in that
15 aspect.

16 MR. TILLERY: Ms. Williams.

17 MS. WILLIAMS: The trade-off obviously is though, we
18 want the Restoration Plan not to be responsive to what we think
19 that the world is going to look like in 2002, but what the world
20 really looks like in 2002, and so, I -- I am less anxious to
21 start defining what the restoration reserve should look like now.
22 I think certainly we need to do it before we draw this black
23 line, so certainly two or three years before 2002, but much
24 before that, I just get a sense of prematurity. Heaven only
25 knows what's going to happen between now and 2002, and I would
26 hate to, you know, pre-suppose that we could, you know,

1 anticipate that. I think starting next year or the year after
2 that is timely for starting to define what the restoration
3 reserve looks like, again, with humility as we do that, and just
4 making sure that two or three years before 2002 that we've got a
5 pretty good idea of it.

6 MR. TILLERY: Mr. Wolfe.

7 MR. WOLFE: The Restoration Plan is very
8 programmatic, we all knew that when we put it together, and one
9 of the things that we talked about was the fact, the need for --
10 develop and some more comprehensive plans for what we're going to
11 be doing in each one of these areas of restoration that were --
12 they are key to us. For example, the pink fish -- the pink
13 salmon, what are we going to do there, what is our long-range
14 plans for the pinks? What is our long-range plan for the
15 nearshore? What's our long-range plan for -- in more detail, the
16 projects? And until you get those kinds of things laid out, I
17 don't know how you can draw this curve, or this line. And, that
18 should be what's driving, where that line goes in 2001 rather
19 than -- I agree with your concept, is we ought to be looking at
20 restoration being done by the time we get to 2002, and if not,
21 then we should have a strategy and know why it's not going to be
22 done by that important time, and right now, we don't have
23 anything laying out in front of us other than a programmatic plan
24 that says we're going to take care and we're going to restore to
25 pre-spill conditions these things to the extent we can. But,
26 we've not defined how we're going to get there, and some time --

1 some point we have to define what we're going to do to get there,
2 and I -- and I'm still struggling with how that's going to
3 happen, and I'm assuming that some point, that -- Dr. Spies and
4 Dr. Senner are going to be able to spearhead some -- some long-
5 range plan of how we are going to -- what we're going to do to
6 achieve the restoration necessary.

7 MS. McCAMMON: Well, actually I have -- I'd like to
8 address that whole issue too, and I have something to say about
9 that too.

10 MR. TILLERY: Would you like to say it now?

11 MS. McCAMMON: Well, actually I'd like to go through
12 this first.

13 MR. TILLERY: Are there any further questions on the
14 draft?

15 MS. WILLIAMS: Let me just say, I -- I think
16 particularly this black line is very useful, and so, hope to see
17 that as we proceed.

18 MS. McCAMMON: On the next -- the next graph, what you
19 see is a pie chart which includes all of the projects that are
20 recommended to be approved in August or deferred for a final
21 decision until December. And, the reason this chart is useful is
22 that you can see that well over half of the programs is related
23 to fisheries, pink salmon, herring, sockeye, cutthroat and Dolly
24 Vardens, and that the major chunks of the program under
25 consideration are pink salmon, the Sound Ecosystem Assessment
26 Project, sockeye and the nearshore ecosystem. So, if we're

1 looking at the total so far being -- that's still on the table
2 being about 21 and a half million worth of projects and trying to
3 get that down to 18. The obvious areas for some form of
4 reduction are in nearshore, pink salmon and sockeye, with some
5 look at the Sound Ecosystem Assessment Project too. The next
6 page is a table that summarizes the recommendation that was
7 developed for your consideration today. And, the total request
8 for all projects was \$34.5 million. The recommendation -- those
9 set on recommending for funding today, total \$13.6 million, and
10 I'm recommending that an additional 7.7 be deferred until
11 December. These are pending additional, the results of this
12 seasons field work, it's depending on six or eight intensive
13 review sessions that we have scheduled this fall, and then based
14 on the results from those reviews, we'll get together and develop
15 the recommendations in December, for the total about four and a
16 half to five million total out of that. What I'd like to
17 describe to you before we get into the details of the various
18 clusters and the actual recommendation is address some of the
19 points that Mr. Wolfe brought up about this work plan.

20 Last year, or last winter, the Trustee Council directed
21 me to begin preparation of a science plan or an approach, a long-
22 term approach to research monitoring and general restoration, and
23 we sat down with our all the agency folks and the Public Advisory
24 Group and the core reviewers and tried to map out how we were
25 going to spend the work plan for the next seven years, and what
26 we discovered is that we had a pretty good idea of how to be

1 spent over the next three years, but beyond that it got very
2 fuzzy, and we actually were not able to achieve the idea of how -
3 - having to figure out how we could spend things over seven
4 years. It just isn't possible at this time, and what we have put
5 together is an approach which shows you our best ideas of how
6 things would be funded in the next three years with the idea that
7 every year we would be able to look a little further down the
8 road and be a little bit more definitive about where we're going.
9 As part of this and trying to reach this, kind of seven year
10 overall plan, too, is our goal this winter is to really focus on
11 the injured species list and recovery objectives and really try
12 to see what is possible and do-able within that frame work. This
13 work plan was developed then -- actually, over the past two
14 years. It started with the FY '95 work plan, and a number of
15 workshops that we held with the core reviewers, with which what
16 has become the core reviewers, and these are folks like Pete
17 Peterson and George Rose, Chris Haney, Phil Mundy, who are, I
18 think, nationally and internationally known scientists and very
19 highly respected for their technical expertise. They helped,
20 through a series of workshops, develop the invitation to submit
21 restoration projects for fiscal year 1995, and this was our first
22 effort to really look at, if something -- if a resource or a
23 service is not recovering, why not? What are the issues? Is it
24 food, is it oil, what are the major issues there? And, then we
25 start pinpointing where the major focus of our research should
26 be. The results of the workshop were published in this document,

1 Science for the Restoration Process, which was kind of culminated
2 in what we called the "church group meetings," April 13th through
3 15th in 1994. And, this really was the basis for the work plan
4 that you see before you. Following all of those workshops, we
5 developed in last year the draft 1995 work plan, and for the
6 first time we went resource by resource and described exactly
7 what the Trustee Council was trying to achieve with each resource
8 at each cluster. Last December, following final action on the
9 work plan, we published the fiscal year 1995 work plan, and in
10 that again, not just a table of which projects were funded, but
11 also going through resource by resource and describing what were
12 the major kinds of efforts, were we focusing on monitoring, were
13 we focusing on long-term research, where were we trying to go
14 with these particular resources. So, it provided the public for
15 the first time an ability to just look alphabetically and pick
16 out which ever resource they were interested in and really see,
17 at least get a thumbnail sketch of what the Council was doing for
18 that resource. At the same time, or right about that time, the
19 Council adopted the Restoration Plan, and I -- this is a good
20 plan. It's general in a lot of ways, but it really, I think,
21 provides excellent guidance, and whenever a lot of these
22 questions come up, most of them have been addressed in some
23 fashion, whether it's to someone's liking or not, most of the
24 issues have been addressed in this plan, and it actually is a
25 very good document. And, again there's a section that goes
26 alphabetically with the injury and recovery, recovery effective,

1 and our restoration strategy, and although these are fairly
2 general, I think they do provide us a lot of guidance here. Last
3 year we started out with a four day workshop, the first annual
4 restoration workshop where we had every principal investigator
5 from all of our projects, mandatory attendance, here in Anchorage
6 for four days, going through the results of the field work and
7 really sitting down and trying to figure out what does this all
8 mean, and where are we going. Part of the results of that effort
9 were published in our annual status report, which will be
10 published on an annual basis. The rest of it went directly into
11 developing the invitation to submit restoration projects for
12 fiscal year 1996, and a draft restoration program for FY '96 and
13 beyond. This was our first effort to really start putting down
14 on paper with some dollars attached to it, because that's the
15 only way you can really think about this, what some estimates
16 were about where the program was going. This generated -- we
17 took this out to the communities in the spill area and received
18 public comment on this general approach, and also received \$35
19 million worth of proposals. I think as a result of that effort,
20 the \$35 million that we found for proposals this year, for the
21 most part, were pretty outstanding proposals, and what's making
22 our job tougher than ever before, is that we're doing a better
23 job of working with the communities and with the research
24 communities, so we're getting better stuff, and we have less
25 money to pay for it. So, it's made it very challenging to come
26 up with, kind of the main focus of where we're heading in the

1 work plan. After all of the reviews, and we had two restoration
2 work force reviews, we had a review by the core reviewers who
3 read every single proposal that came in, and also two reviews by
4 the Public Advisory Group, and then a very intensive internal
5 staff review that the agencies were very gracious in dealing
6 with. We developed a draft work plan that was published in June
7 of this summer. This went out to public comment and review also,
8 and you have copies of all of the public comment in your packet,
9 and also the Public Advisory comments are included in the larger
10 spreadsheet. So, I can say with great confidence that what you
11 see before you has gone through more review than anything the
12 Council has had before them in the past, and I feel very
13 comfortable that the projects that are before you for
14 consideration are really well thought out and are part of an
15 overall strategy and approach for research, monitoring and
16 general restoration, at least for the next three years. I can't
17 guaranty you beyond that, but at least through that point. The
18 other thing that we did different this year, is that in the past
19 when the Council voted on a particular proposal, you voted on a
20 three-page -- for the most part, a three-page document, a brief
21 project description. This year we required all proposers to
22 submit their full detailed project descriptions in advance, and
23 that's the document that was peer reviewed. So, there won't be -
24 - what we have discovered in the past that the brief project
25 description would then be further developed, but the principal
26 investigator already had the money, and in some instances had

1 already started data certain tracks, and after that was peer
2 reviewed, it became more difficult to adjust that track, and so
3 this year we required a detailed project description, and this
4 required more work on the part of proposers in a short amount of
5 time, but I think it's resulted in a better process overall
6 because we have a much better idea of what actually is in these
7 proposals, than in the past. The other change made --
8 significant change this year that I think has really improved the
9 process is use of the broad agency announcement for research
10 proposals. This was done on a very limited basis last year, it's
11 done through NOAA. It allows us to put, basically, this
12 invitation out as a broad agency announcement. It gets printed
13 in the Federal Register, and any non-agency or any agency can
14 submit a -- a research proposal under a broad agency
15 announcement, and that gives us the ability to directly negotiate
16 with that proposer a contract, to decide that that particular
17 proposal should go out to a competitive bid. It gives a lot of
18 flexibility. What is still missing, is the ability to do direct
19 grants to non-agency entities, and that is still an issue that
20 has kind of plagued this process. We worked very closely with
21 village councils, with non-profits on various proposals, and then
22 when it comes down it, we have a very difficult time getting
23 money directly to these groups. What is different this year is
24 that in the past the Council would fund a project, and then we'd
25 sit around and go, how are we going to get the money to this
26 group. This year, what we did is when the proposal first came

1 in, we immediately started work on how are we going to get the
2 money to this group, and we really focused on whether one Trustee
3 agency was better than another, whether they had certain
4 statutory abilities to do things that another agency might not be
5 able to, and I think, with the exception of one proposal, we have
6 that figured out for almost every project that goes to a non-
7 agency group. The state is beginning a review process itself to
8 revise their procurement statutes and regulations with the idea
9 going for an omnibus bill this winter, and we'll be looking at
10 seeing if there's some -- something we can add to that bill that
11 will make it easier for us to get money to private groups. So, I
12 think that -- I know that when the Council first started the
13 discussion of a science plan last winter, we really had an idea
14 that we would sit down and say here's what we think should be
15 done over the next seven years, and it's -- it's obvious to me
16 and think to everyone who has worked with resources that there is
17 no end of good things that could be done for any of these
18 resources. It's -- we're not going to get to 2002 and have
19 everything done. It's just not going to happen, but I think
20 through this process by focusing on the restoration program and
21 restoration needs and having this kind of review that we really
22 are honing in on what is the best use of the funds available for
23 research, monitoring and general restoration. I'd be happy to
24 answer any questions.

25 MR. TILLERY: Are there any questions? We've got
26 about five minutes before public comment period. Ms. Williams.

1 MS. WILLIAMS: It's not exactly a question, it's just
2 something in anticipation of the public comment period, if, Ms.
3 McCammon, someone on your staff, when a public person comes up to
4 testify, if -- just because the projects are grouped, they're not
5 numerical, so, you know, we can't immediately turn to the page
6 and sort of it look at it and quickly digest while discussion is
7 going on. Could you tell us what page in this document that it's
8 on, so when the public testifies to the extent, talking about
9 project X, pause a moment and let someone say, Council members
10 that project is on page 18 or page 16, and we can take a quick
11 status look and I think better appreciate the comment -- the
12 testimony.

13 MR. TILLERY: Any further questions or comments? The
14 public comment will start at 11:00. Promptly, let's just stand
15 at ease for about five minutes while it's getting set up.

16 (Off Record 10:55 a.m.)

17 (On Record 11:02 a.m.)

18 MR. TILLERY: (Indiscernible) that wishes to comment,
19 one person in Cordova. There may be others, as -- is showing up
20 now. If so, they simply need to make their presence known and
21 we'll inquire. No one in Anchorage has signed up to comment, but
22 if anyone wishes to do so, simply let us know. Ms. Sturgelewski
23 indicates she would -- to make a comment. Just for the record, I
24 think we're missing one person, but I don't think that's fatal
25 for the public comment period. Why don't we go ahead and begin
26 with Soldotna. Is there someone one the line in Soldotna that

1 wishes to comment?

2 MS. DEBORAH GILCREST: My name is Deborah Gilcrest,
3 I'm with the Kenai Peninsula Borough, and I'm here on behalf of
4 the Planning Director. I have a couple of questions, and
5 although the letters have been sent to the Council by -- from
6 Mayor Gilman, we just wanted to take advantage of this
7 opportunity to comment in this format, just to reiterate our
8 support for a project, the number is 96180. I've got all kinds
9 of paper all over the place here. It's the Kenai habitat
10 restoration and recreation enhancement project. We wanted to
11 comment in the section where the Chief Scientist's recommendation
12 he asks, he is inquiring as to additional information about
13 specific activities proposed in '96, and the Planning Director
14 wanted to let the Council know about our proposal to engage with
15 -- for lack of a better term -- the Department of Fish & Game and
16 the Department of Natural Resources, in an effort to open a Kenai
17 River Center here, and we're not sure it will be in Soldotna or
18 Kenai, but there's going to be many different purposes for the
19 center, one of them being habitat research, so we felt that that
20 was related to this particular project, and also sort of answers
21 the question that in the Executive Director's recommendations,
22 they talk about how we are interacting with state and federal
23 agencies. We also are entering into a memorandum of
24 understanding right now with the Division of Parks in the effort
25 to protect 29 acres of Borough property that is immediately
26 adjacent to the river. I guess I have a couple of other

1 comments. I'm not sure if it's okay to comment on things that
2 aren't in the work plan.

3 MR. TILLERY: It's okay. We're interested in your
4 comment. It's pretty free form. We often discuss the federal
5 currency regulations here. (Laughter)

6 MS. GILCREST: Okay. I guess before we get off the
7 project -- this project that I'm talking about, 96180, I was
8 wondering about the difference between the three page summary
9 that the Director was just discussing and the larger summary
10 which is the 52 page, because this project -- I couldn't find it
11 on the three page summary, maybe I just overlooked it.

12 MR. TILLERY: Ms. McCammon.

13 MS. MCCAMMON: Mr. Chairman, I think what you're
14 referring to is, under the old process, people just submitted a
15 three page project description, but that doesn't exist. What you
16 have before you, the copy of the project, 96180, is the full
17 complete project, so there's not any other document.

18 MS. GILCREST: Okay, well, I don't know if we're
19 talking about the same thing. I'm talking about the entire list
20 of the work plan for '96.

21 MS. MCCAMMON: You should, I believe, did Kenai and
22 Soldotna get sent to them a copy of the summary. You should have
23 that at the Legislative Information Office there, a summary
24 document which has the whole work plan and all the
25 recommendations and ...

26 MS. GILCREST: We have that. I was just curious why

1 this project number doesn't show up on the three page summary
2 attached to your memo -- August 15th memo?

3 MS. MCCAMMON: I believe it does.

4 MS. GILCREST: It probably is in there, I just need you
5 to tell me what page it's on.

6 MS. MCCAMMON: It's on the top of page 8, of the long
7 sheet.

8 MS. GILCREST: Okay, well there's the problem right
9 there, I only have up to page 7. Okay, thanks. The other thing
10 the director wanted me to comment on was in regards to a letter
11 Mayor Gilman sent regarding three small parcel acquisitions that
12 we wanted to just add our support again for, and that is an
13 August 11th letter to Mr. George Frampton, and there are some
14 Kenai Native Association parcels, the Kafana (ph) tract, and
15 there are two tracts on the Moose River, we just wanted to add
16 that. I think that about covers our comments. If anyone has any
17 questions or anything that you'd like me to take back to either
18 the planning director or the mayor, I'd be happy to do that.

19 MR. TILLERY: Ms. Gilcrest, thank you for your
20 comments. I received the letter from the mayor and we appreciate
21 that, and so did the rest of the Council members, I believe. Are
22 there any questions for Ms. Gilcrest?

23 MS. MCCAMMON: Mr. Chairman, I would want to note that
24 when the Council has its meeting on small parcels, we will be
25 sure to -- heavily publicize that and to make sure that all of
26 those who have submitted comments and want an additional

1 opportunity to comment will have that.

2 MS. GILCREST: And that will be at the September 25th
3 meeting?

4 MS. McCAMMON: I wouldn't count on that date yet, but
5 sometime around there, but we'll let you know the exact date.

6 MS. GILCREST: Okay, thank you, very much.

7 MR. TILLERY: I believe that there is someone, I
8 believe Nancy Bird in Cordova wishes to comment.

9 CORDOVA MODERATOR: This is the Cordova moderator, she
10 had to leave, so we have only observers left.

11 MR. TILLERY: Okay, there's no one in Cordova that
12 wishes to comment at this time?

13 CORDOVA MODERATOR: No, there isn't.

14 MR. TILLERY: Is there anyone in Juneau who wishes to
15 comment?

16 JUNEAU LIO: No.

17 MR. TILLERY: Was there anyone else in Soldotna that
18 wishes to comment?

19 MS. GILCREST: Well, I don't believe so.

20 MR. TILLERY: Is there -- Senator -- we're back to
21 Anchorage.

22 SENATOR ARLISS STURGULEWSKI: Mr. Chairman, my name is
23 Arliss Sturgulewski, and I'm here as a private citizen off the
24 street, but I do want to speak to 96424, the restoration reserve.
25 You know, I feel a little bit like the cartoon character that
26 because age and gender, perhaps a number of you won't be

1 familiar, but it will be something that Ladies Home Journal did
2 for years, and it was called, "Virgil, this is the watchbird
3 watching you." And, I sort of feel like the watchbird. Before I
4 get to them, a couple of remarks on the restoration reserve, I
5 want to compliment the Trustees, it's been an interesting
6 evolution to watch. I think it was very dramatic at the first,
7 there were many -- it's been pointed out, a whole lot of options
8 you could have taken, and I've seen an increasing -- I think is a
9 delight, is the dialogue that's taking place. People are saying
10 something, and it's not just a chairman or one person that really
11 is leading you here. You're asking some very relevant questions
12 also has moved, I think, much more to the -- than ecosystem look
13 in, making some very difficult decisions, and that's always bad
14 about how to use the resources. So, I think you're doing a fine
15 job, and I would hope that the public is kind of aware that that
16 evolution that's going on. As you know, when we talked about the
17 restoration reserve, I've been very interested in seeing it's
18 more or less kind of removed from the sense from the political
19 trough and set up in a foundation and so on, and yet, I also
20 understand the need for evolution. We don't know all the things
21 that we're going to need to know and the things that we'll need
22 to do at the -- at the year 2001, 2002, so I just want to speak
23 very strongly for the continuation of putting these dollars
24 aside. I certainly think that's excellent. I would hope that
25 when you're looking at your ability to earn interest that you
26 would look to see that you're maximizing those dollars that are

1 being set aside. That, if you find -- feel that you're reaching
2 that point where you need to decide what about the future of this
3 reserve, I hope there can be very broad public discourse on that,
4 and you certainly have a history of doing that because it's -- it
5 may be early days, I think it could be perhaps premature to start
6 that process too soon, and this with that, again I compliment you
7 for putting \$24 million aside and very hopeful that you'll be an
8 additional \$12 million there, I'm gratified, and I think you do a
9 good job. Thank you.

10 MR. TILLERY: Thank you. Are there questions or
11 comments from the Council? Thank you. Are there -- anybody --
12 is there anybody else from Anchorage who wishes to testify? Is
13 there anyone who is in Soldotna who wishes to say anything, let's
14 go back, and I found out that I have been asked if Ms. Gilcrest,
15 I believe, if you would spell your last name if you're still
16 there, for the record.

17 MS. GILCREST: I'd be happy to, it's G-I-L-C-R-E-S-T,
18 and there is no one else here, but for me, so I think that's it
19 for Soldotna.

20 MR. TILLERY: Has anyone in Cordova -- has Nancy come
21 back, or is there anyone else in Cordova? (No response) Anyone
22 in Juneau? (No response) Is -- no other communities on line.

23 MS. McCAMMON: Mr. Chairman, I just like to let you
24 know that I think it's really unfortunate that Chip Thoma got a
25 job. (Laughter)

26 MR. TILLERY: It certainly will make this briefer.

1 Well, that would appear to end the public comment period. We are
2 scheduled for a working lunch to start at 12:00. I suspect we
3 should just dive right into the work plan -- maybe you can
4 explain to us what the concept is for the working lunch.

5 MS. McCAMMON: The concept for the working lunch is
6 that sandwiches and -- are -- sort of get delivered at noon, and
7 the idea is that we just stay here and meet for about twenty
8 minutes or so and then just go back to work rather than gathering
9 for individual lunches and losing an hour and a half.

10 MR. TILLERY: I was a little leery of that because of
11 the public, that they don't have sandwiches brought in, and ...

12 MS. McCAMMON: I think given the number of public that
13 we have here, it's fine. They're invited too, I think we'll have
14 enough.

15 MR. TILLERY: We have enough. Okay. Shall we then,
16 if it's all right with the rest of the Council, move forward into
17 the '96 work plan?

18 MS. McCAMMON: Mr. Chairman, if you look in your binder
19 under FY '96 work plan, there is an August 16th memo that again
20 summarized the recommendation before you, which is basically,
21 that a total of \$13.739 million be funded at this time and that a
22 decision be deferred until December on the remainder -- or on
23 another portion. On page 2, funding recommendations are outlined
24 on the accompanying spreadsheet, and you have two spreadsheets.
25 One is a summary document that goes by clusters, and then within
26 those clusters is done in numerical order, and the summary

1 document describes the lead agency, the proposer, the FY '96
2 original request, how it was revised through the peer review and
3 budget process, cost estimates from FY '96, '97, '98 and on into
4 the future. The summary of the Executive Director
5 recommendations and then the total amount is either approved in
6 August or deferred until December. The more detailed
7 spreadsheet, which is the fatter document here, has that same
8 information, but it also has a few additional items. It has an
9 abstract of the project so that in one paragraph it basically
10 describes what the project does without requiring to wade through
11 every single one of these. It has a description of the Chief
12 Scientist's recommendation, and then some more detail about the
13 Executive Director's recommendation. At the beginning of each
14 cluster, there is also a box that summarizes the Public Advisory
15 Group recommendation. The other useful item that this
16 spreadsheet has is the project duration, and there you will see
17 whether its the second year of a five year project, or the third
18 year of five year project, or the first year of a -- whatever.
19 And, for the most part, with I think very few exceptions, we did
20 not go beyond three years. Even if the proposer came in and said
21 I want to do this every year for the next ten years or for the
22 next seven years, we put it as a three-year project with the idea
23 that you really have to start from scratch from there and justify
24 and look through priorities. So, that's the description overall
25 of the spreadsheet. There are a number of conditions within the
26 detailed recommendations for a number of projects, for the most

1 part we tried to work out of these items in advance, but there is
2 some that weren't completed for various reasons, and so for a few
3 projects there's a -- a more specific condition. In addition, as
4 we've done in the past, before a project can start spending
5 money, they must show -- the proposer must show compliance with
6 NEPA. Funds can be used to comply with NEPA, but before you go
7 ahead with the project, you have to show compliance with NEPA,
8 and we do have staff that tracks that regularly, and all of the
9 '95 projects we actually have a document in our files for each
10 one that shows it's complied with NEPA, and we take that part of
11 the process very seriously. In addition, for the first time this
12 year, we're actually projecting what the cost of these projects
13 are through the life of the project, and unless the Trustee
14 Council states otherwise, I would recommend that the Council
15 consider approving these projects with the expectation that they
16 would be funded in future years to their completion as outlined
17 in the spreadsheet, but that each year the Council would annually
18 evaluate the project's future funding requests based on the
19 project's progress, results to date, the overall restoration
20 needs, and any other kind of budget, targets or budget
21 constraints, that the Council is operating within. So,
22 basically, what you would fund this year, for example, if it was
23 a new three year project, you would fund the FY '96 costs for a
24 three-year project, with the idea that this would be a three-year
25 project, but next year the Council would be back saying, do we
26 still want to continue with the second year of this three-year

1 project. That is -- it continues the Council's flexibility, but
2 it gives researchers a bit more certainty that they can actually
3 go out and try to hire good people with the expectation that it's
4 a three-year project, and get good graduate students or good
5 staff, and start planning for that purposes. So, it's not a
6 guaranty that they're going to receive the future funding, but it
7 -- it certainly gives them more certainty than they've had in the
8 past. And, then, I would also ask, and I have some language here
9 -- I'm not sure where it is at the moment -- regarding the late
10 reports issue. Since there are so many reports that are overdue
11 at this point from this past year, I have some language which
12 recommends adoption of this contingent on the principal
13 investigator either submitting the late report, or working out
14 some kind of a plan for when the report would be due. As soon as
15 find that in the midst of all these documents, I'll have that
16 ready for you. So, what I would suggest is that we probably go
17 through cluster by cluster. We have a presentation to make to
18 you on each cluster, have some discussion, answer questions, and
19 go through the whole document before -- then coming back and
20 taking any action.

21 MR. TILLERY: This has been -- something we go through
22 every year trying to figure out how to best do this, and I don't
23 think we've figured out the most completely efficient way, but
24 the way that Ms. McCammon just described seemed to work about the
25 best, that we vote at the end, but the questions and so forth are
26 addressed during the presentation. If that's the will of the

1 Council, we can try that and see if it deteriorates from there.
2 The other thing, I guess, is the -- the things that brought NEPA
3 is pretty non-controversial. This multi-year funding thing might
4 be something the Council would want to discuss before we get into
5 this. I know I have had some concerns about providing some
6 certainty for people to hire people, whether that then gives rise
7 to some legal expectation that we're going to fund the project
8 and so forth. I don't know if anyone else has any concerns about
9 that multi-year funding. As a preliminary matter, it would seem
10 that we should address that issue since it would -- it impacts
11 virtually every program, and was there anything else that needs
12 to be addressed at the outset?

13 MS. McCAMMON: I believe that's it.

14 MR. TILLERY: Is there any -- I think Ms. McCammon has
15 explained that, is there any discussion on that, or some -- from
16 the Council. Commissioner.

17 MR. RUE: Yes, I have a question of you, Craig, is do
18 you feel like we are making a legal commitment to fund a project
19 beyond the current year?

20 MR. TILLERY: Well, I might want to view agency
21 funding. I don't -- I don't think we want to, I think that's
22 clear. I am concerned -- I understand the -- and I've had this
23 discussion with some of the people at the university and other
24 places that they can do better with some sense, and I'm not sure
25 how you strike that balance between giving them some comfort, but
26 not giving them sufficient comfort that it arises to a lawsuit if

1 it's not funded in the future. Perhaps it can be solved by
2 simply making this kind of a -- very clear on the face on any
3 contracts and documents and so forth. Perhaps Maria and Barry
4 Roth might have views on that. They work more with, I think,
5 agency funding, than I do.

6 MS. LISOWSKI (from audience): I think you should just
7 make it the (indiscernible) years, funding to be contingent upon
8 a review of your results and come here and (indiscernible -
9 coughing), of funds for this year and then leave the outgoing
10 years for funding (indiscernible).

11 MR. TILLERY: It's not a problem making it -- that the
12 funding can be cut off for any reason whatsoever, including just
13 that, if we just had better things to do with this money, even
14 though you did a great job, you submitted your reports, you did
15 everything we asked, but we just have a better use for this
16 money.

17 MS. LISOWSKI: Well, it's going to depend on what the
18 terms of your contract are and giving us the -- if you have a
19 specific contract figure based on this project, you're going to
20 have to include language in there that provides you the ability
21 to do that.

22 MS. McCAMMON: Mr. Chairman, it has been in any
23 contracts that we've done, it's always contingent on the final
24 approval and funding made available by the Trustee Council in
25 future years. That's very clear in all of the contracts.

26 MR. TILLERY: Mr. Wolfe.

1 MR. WOLFE: You know, we've been faced with this for
2 a long time and this is not a new issue. I think, you know,
3 there are some projects where they -- requires that the agencies
4 hire somebody specifically to do this work. Maybe we should look
5 at funding three years or two years, or whatever, but as a
6 general rule, why, I like the idea of laying out what projects we
7 anticipate having related to that activity or that research or
8 monitoring work, and then fund it on an annual basis with the
9 expectation that we'll review it and probably fund it at the
10 beginning of the following year if it's still meeting our
11 objectives, but -- because I really prefer to have some
12 additional follow-up review before we approve the next year's
13 funding, as a general rule, but on a case-by-case basis, maybe we
14 could do something different.

15 MR. TILLERY: And, if I can clarify that because that
16 gets to another concern I had, that I -- just to make it clear,
17 my understanding is that that when you do this, so we approve it
18 on a contingency or we think we'll come back, it will -- in order
19 to fund it for the following year, it requires the unanimous
20 Council vote to fund it as opposed to de-funding it would require
21 unanimous Council vote. In other words, it would continue.
22 However, if we -- if there are some cases where we were to fund a
23 three year project, then de-funding at that point would actually
24 -- then would require, but on this thing, we're basically
25 retaining our flexibility, and still requires unanimous vote for
26 the next year to go forward, with the second year, third year or

1 fourth year, is my understanding of what the proposal. Now, was
2 there any further discussion on this point?

3 (Aside comments on a late request from a member of the
4 public to make a comment.

5) MR. TILLERY: We have a ...

6 MS. PATTY BROWN-SCHWALENBERG: Patty Brown-
7 Schwalenberg.

8 MR. TILLERY: Hi, well we're past the public comment
9 period, but why don't you come up and we'll take it anyway.

10 MS. SCHWALENBERG: Thank you. (Indiscernible -- out
11 of range of microphone). As some of you may know my name is
12 Patty-Brown Schwalenberg, and I'm the Executive Director of the
13 Chugach Regional Resources Commission. We're a Native non-profit
14 organization which was established by Chugachmiut to assist the
15 Chugach Region Villages in developing community-based programs
16 for the preservation, protection and wise use of the natural
17 resources. Currently we have the oyster farms are operating, and
18 as some of you may know about, the clams and -- or the shellfish
19 hatchery and nursery down in Seward. And, so I kind of wanted to
20 update you on the current funding that we have received from the
21 Trustee Council. The clam project is -- testing, can you hear me
22 now?

23 STAFF: (Instructions relative to used microphone)
24 Just -- don't move it, just attach it to your jacket if you
25 could.

26 MS. SCHWALENBERG: Okay. The -- we have successfully

1 farmed out the clams and grown them to probably about three
2 millimeters in size so far. We're spawning out another group as
3 we speak, and -- so the progress is being made, although we were
4 faced with the delay because of the delay in the construction of
5 the technical research center down in Seward. When we had
6 written the proposal to the Trustee Council, we were expecting
7 that facility would be built by now, and which hasn't started
8 yet. So, we are faced with some space constraints in that area,
9 but we are doing as much as we possibly can, given the small work
10 space that we have. I do feel like I need to bring to the
11 Council's attention though to be -- the contracting mechanism for
12 -- in order for CRRC to do the sole source contract with Fish &
13 Game, we went through almost nine months of what I would call
14 bureaucratic red tape in trying to get the project going. So, we
15 really didn't even get a contract signed with Fish & Game until
16 probably late spring, which obviously pushed the program back
17 that many months, and now we're faced with -- we'll if we get
18 funded, our FY '96 funding is based on the success of FY '95,
19 well, obviously, we're behind the eight-ball on that area because
20 of the -- the contracting mechanism and the length that it took
21 to put that together, and the other delay in the contracting
22 section again was with the community involvement project that
23 Fish & Game was administering. They had to do sole source
24 contracts with each one of the communities that were hiring a
25 community facilitator, and again, that was a very lengthy process
26 trying to get the contracting people to understand what we were

1 trying to do, and what the objectives of the project were, so --
2 that needs to be alleviated somehow, and I don't know what you
3 can do short of keeping them informed of what this project really
4 means to the community and what it means to Prince William Sound,
5 and to try and work together to get the ball rolling, rather
6 than, you know, the more information we provided, the more they
7 requested type of a thing, and it just didn't seem to work. The
8 community involvement project for FY '96 CRRC is -- maybe
9 administering under again the sole source contract, so I would
10 hate to see those community facilitators put on hold for another
11 six to nine months, while waiting for the contracting section to
12 put the sole source contracts together. So, that is an issue
13 that needs to be addressed. The other thing I wanted to bring up
14 though was the projects other than the community involvement that
15 CRRC is supporting, or my board of directors is supporting, and I
16 have listed them on page 2 of my testimony, you know, save them
17 for the record, right now is the community involvement and use of
18 technical, ecological knowledge. The Tatitlek coho salmon
19 release, the Chugach Native Region clam restoration projects, the
20 Prince William Sound use area watch, which will get you more
21 involved in the restoration and research of -- research
22 activities going on which I believe will get them more interested
23 in the science arena, which is kind of our goal, documentary on
24 the subsistence of harbor seals, eastern Prince William Sound
25 wild stock salmon habitat, Chenega Bay salmon restoration
26 program, pink salmon subsistence project, community-based harbor

1 seal management and the comprehensive community plans for museums
2 and repository sites which were submitted by Chugach Heritage
3 Foundation. The reason we're supporting these projects,
4 obviously, because there is involvement by the communities. The
5 communities develop these projects themselves, they're community-
6 based, and I think that's the important thing, and it also
7 includes them in the restoration process. They're taking an
8 active role in the restoration process, and I believe that the
9 Native community has a lot to offer the Trustee Council and its
10 staff, and the scientists, in the -- not only the traditional
11 knowledge that they possess, but the knowledge of the Prince
12 William Sound area, and even different ways of looking at things
13 as far as research enhancement. So, I would respectfully request
14 that you support these projects, and I thank you for the
15 opportunity to speak before you, and allow me to come a little
16 late. I was tied up with another meeting earlier. So, if you
17 have any questions, I'd be happy to answer them, otherwise, I
18 thank you for your time.

19 MR. TILLERY: Thank you, are there any questions?
20 Thank you. Is there anyone else out there who has arrived who
21 would like to say anything? If not, we are at this point ready
22 to begin the presentation on the work plan elements.

23 MS. McCAMMON: Mr. Chairman, I hope this won't be too
24 distracting because there are -- there are several documents to
25 refer to, but you have the general spreadsheet here which is the
26 section that just has the numbers and the project numbers, and

1 then you have the more detailed spreadsheets, and then if you
2 look back to this document that is the handout for discussion is
3 the Executive Director's recommendations. What I'd like to do is
4 go through cluster by cluster, starting with pink salmon, and Dr.
5 Spies will first of all give an overall assessment of the status
6 of the resource, and then -- in the past six months, we have had
7 all of the staff here at the Restoration Office focus on these
8 various clusters and be responsible for the various clusters, and
9 in conjunction with the Science Coordinator, Stan Senner, they
10 will go through cluster by cluster and talk about the major
11 effort of what we did this year, and what's being proposed that's
12 different for next year, for FY' 96, and give you an
13 understanding on that basis, and then we can take any questions
14 or discussion about it -- these projects on a cluster by cluster
15 basis. So, kind of three documents that we're working with here,
16 and I hope it's not too confusing, but we'll start with pink
17 salmon and -- Bob.

18 DR. SPIES: All right, thank you, Molly. As far as
19 the run in '95 for pink salmon, and I'm talking about Prince
20 William Sound now, the early component of that run that returns
21 to the north and east sections of the Sound was currently
22 healthy. There is about six million fish returning to the Valdez
23 area hatcheries, and about 6.5 million to that northern district.
24 And -- however, the late component, which particularly including
25 the southwestern districts in Prince William Sound that was most
26 hard hit by the oil spill, is running late and indications are

1 that if the -- the run will not be nearly as good as it is in the
2 northern districts, and that in addition to being late that the -
3 - that the escapement goals for those -- the wild stocks in the
4 southwestern district may not be met. The data -- the data is
5 still coming in, so it's a somewhat tentative and incomplete
6 picture at this time. Last year, if you remember, the southwest
7 district did make its escapement goals, the escapements were
8 pretty good, and they were particularly good in the north again
9 last year, so that picture -- that's the picture as far as the
10 runs are concerned. And quite briefly -- I've gone over that
11 quite briefly and I'll try to keep my remarks fairly -- fairly
12 brief. The egg mortality aspects, the continuing apparent injury
13 due to oil exposure to egg mortalities, last year, as you will
14 recall, was the -- in '94, was the first year where we did have -
15 - did not have a consistent difference in egg mortalities between
16 oiled and unoiled streams, and we're hoping that we have, that
17 somewhat optimistic picture continues in '95. We want to
18 continue to monitor those for a couple of odd years and even
19 years for the resource. So, that's kind of the -- where we are
20 in just a thumbnail sketch of the pink salmon. And, I'll turn it
21 over to Mr. Loeffler and Stan Senner to talk about the clusters.

22 MR. LOEFFLER: Thank you, Bob, Molly, Mr. Chairman.
23 What I was going to do is just go through quite briefly using the
24 handout, so starting on page 5, pink salmon, and to give you a
25 sense -- the general objective, not necessarily project by
26 project, emphasizing where we've been in past years. This year's

1 work, with respect -- and Executive Director's recommendation,
2 and implications for the future, so you can see where the program
3 is going as a whole. I'd also sort of relate to PAG comments and
4 you could -- just to reiterate it. So, with that, let me start
5 with pink salmon. There are three major parts of the pink salmon
6 program, that is three major components, four if you include the
7 SEA plan. First, is the investigation of toxic effect of oil.
8 That as -- as Dr. Spies just suggested, that's a continuing
9 investigation of the injury to the pink salmon eggs and alvin.
10 The program began in 1989 when we first noticed the problem, and
11 it is expected to continue until two years after we've seen --
12 seen -- sort of know -- know the difference between the oiled and
13 unoiled strain, and as Bob mentioned, 1994 was the first year we
14 saw a difference. So, we hope the program is able to terminate
15 with a healthy series of strains in fiscal year 1998. There is
16 also a component there that is a search for genetic damage that
17 was caused by that oil. So, that's the first, it's the first
18 portion of the pink salmon program, tracking and monitoring of
19 the injury. The second is stock separation and management.
20 Collectively, the stock separation and management portion of the
21 program has the ability to impart a long-lasting impact to the
22 health of the wild stock. However, the proposals that we
23 received, there still remains significant questions. They have
24 significant overlap among the proposals, specifically where the
25 genetic and stock structure investigation, and there are some
26 sequencing questions, that it is possible that some can be

1 delayed until future years, and there's some question as to what
2 management information is needed at what time. And, in addition,
3 collectively, these are quite expensive. It's a -- it's a \$2
4 million program, if all the projects were funded, so what is
5 recommended there is in large part, to defer -- especially the
6 genetic stock -- the genetic investigations, but to defer most of
7 them to review session in the fall with the sequencing questions
8 and sequencing comments and overlap can be dealt with. I might
9 add that these are all -- this is a typical process because they
10 are all relatively good quality proposals. It's not like we
11 received proposals that are a problem. But there -- it's an
12 embarrassment of riches if you will. The last component of the
13 pink salmon is the supplementation effort, which is a
14 comparatively small effort involving three projects, and the
15 projects are increase spawning or rearing habitat and therefore
16 increase the populations of the species and usually the pink
17 salmon and usually some other salmon species. One project is
18 about to start construction, one project is to finish
19 construction, and one project is the monitor construction,
20 monitor work done -- done in the last year or two. So, those --
21 that's sort of where we're going and where we've been. We expect
22 to be -- and I guess I'll stop there to see if there are
23 questions before we go on to a different cluster.

24 MR. HINES: Yes, Mr. Chairman.

25 MR. TILLERY: Mr. Hines.

26 MR. HINES: Just one quick question about the

1 genetic stock structure investigation. What's going to be the
2 major pay-off from these investigations in terms of application
3 for management?

4 MR. SPIES: I think I can handle that -- our
5 reviewers for salmon in general, say that the cornerstone for the
6 management of these species is really identifying what the stock
7 is, and how many stocks you have, and right now the -- the
8 management is defined kind on a -- in a district basis within
9 Prince William Sound, for instance, and there's just a number of
10 districts, and it's not known how well those districts correspond
11 to any real stocks. We know that that there's -- for pink salmon
12 there's at least an intertidal spawning and up river tidal
13 spawning, that kind of separations are recognized from gel
14 electrophoresis studies done in the late '70s and early '80s.
15 Whether there are other stocks within Prince William Sound or
16 that those are the only two is not really determined, so this --
17 this further information using a combination of gel
18 electrophoresis and some molecular techniques will help us to
19 find what exactly, what stocks are in Prince William Sound and
20 that can better inform the entire management of the resource.

21 MR. HINES: So, what you're saying is essentially
22 each strain could possibly have a different -- a different stock
23 from each different strain.

24 DR. SPIES: That's certainly a possibility, but
25 right now I think that the -- given the proclivity of this
26 species to wander between streams that that's probably not the

1 case. It's something between two stocks and stock for every
2 stream.

3 MS. McCAMMON: I think that this table actually shows
4 you though, that -- is that, if you assume under the toxic effect
5 of oil that we stop seeing that difference between oiled and
6 unoiled streams, and we won't really know until we get the
7 results from this year and next year and the year after. But, if
8 you assume that that goes away, and assume the optimistic case,
9 and this work should be concluded in about three years. The
10 supplementation efforts will be concluded probably in another two
11 years, once Port Dick spawning channel is constructed and work at
12 Little Waterfall gets completed, so then the major focus of our
13 long-term work will be on the stock separation and management.
14 The salmon marking aspect has about another four years, I
15 believe, less than that?

16 MR. LOEFFLER: I believe FY '98.

17 MS. McCAMMON: FY '98 or FY '99, and that's the
18 transition from coded-wire tag recovery to otolith thermal mass
19 marking. So, we really are -- really focusing on this whole idea
20 of strains, genetic stock structure and what that means. And,
21 what we found this summer when we were doing our review sessions
22 is that there is no clear consensus about what is the most
23 important work that should be done first. We knew it was too
24 much and that somehow we had to par it down to the essential
25 effort, but there was a wide spectrum of view on where we should
26 be going with this, and that's one of the reasons for deferring a

1 large chunk of these projects until the fall, and getting a
2 number of independent outside geneticists and experts in this
3 area to sit down with those folks who have been working on it in-
4 state for the last few years and really try to map out a plan
5 that could continue for seven to ten years or well into the
6 future of what are we really trying to achieve with this and what
7 is the best approach. But, I think that will be in the end, for
8 pink salmon that could very well be the -- kind of the last major
9 effort from the Trustee Council.

10 MR. TILLERY: And if the Fish & Game is -- or someone
11 is committing to continue with the -- like otolith marking once
12 we drop out of the financial picture.

13 MS. McCAMMON: The combination of department and PWSAC,
14 the aquaculture corporation funding.

15 MR. RUE: (Indiscernible) machines in there -- on
16 the (indiscernible) they did put that in -- how interesting.

17 MR. TILLERY: Ms. Williams.

18 MS. WILLIAMS: Is the PAG recommendation on the
19 bringing experts together to examine the program identical to the
20 recommendation you're discussing.

21 MS. McCAMMON: Yes.

22 DR. SPIES: We tried to achieve that this summer,
23 but everybody was so busy in the field season, it was -- it was
24 very difficult to do, so we had to defer it to the fall.

25 MR. TILLERY: Further, Commissioner.

26 MR. RUE: I think that sounds like a good idea. I

1 support the idea of trying to get everyone together to -- what
2 really is beneficial, what are our long-term objectives here, and
3 sequencing, I mean, to me it sounds like a very logical way to
4 go.

5 (Aside discussion)

6 MR. TILLERY: Are there further questions with regard
7 to the pink salmon cluster, or comments? Okay.

8 MS. McCAMMON: Go to herring.

9 DR. SPIES: The herring is -- the herring -- our
10 stocks in Prince William Sound are undergoing an almost
11 unprecedented crash. It started after highs in the '89 to '92
12 seasons. In '93 and '94 and continuing into '95, a significant
13 crash of the populations. The -- of course, these populations do
14 fluctuate naturally, but what we're seeing now is pretty much an
15 all time low in biomass, and the -- there are ongoing
16 investigations of the involvement of viral and fungal agents in
17 this crash, and they're strongly implicated. Herring, of course,
18 are very important to the ecosystem, not only are to the
19 fishermen, but also to the ecosystem of the -- kind of
20 cornerstone species, and support of lots of different organisms
21 out there, particularly birds and mammals -- marine mammals, and
22 essentially there has been no harvest in '94 and '95, and we're
23 in the midst of a pretty dire situation in terms of the herring
24 fishery and its role in supporting members of the ecosystem that
25 were injured by the spill. Now, I'll turn over to Bob Loeffler
26 for discussion of the particular projects that compose the

1 cluster.

2 MR. LOEFFLER: Let me begin with the first two
3 projects. I might add that these projects as a whole, the
4 program began in fiscal year '94, so we're talking about a
5 program which is just now two years old, and it began in '94
6 after the unprecedented crash in '93. The first two projects
7 really investigate why herring aren't recovered, that is they
8 look at both the continuing injury and the extent that oil or
9 natural -- other natural factors may play in that recovery -- in
10 the recovery or lack thereof. The first one, 074 looks at the
11 possibility of reproductive impairment caused by oil. The second
12 looks at the role of oil and other factors and the disease that's
13 been identified in herring, both the VHS virus and the fungus.
14 So, those two projects are research into the injury and lack of
15 recovery. It began in 1994 and are expected to culminate in 1997
16 and '98, so we're talking about two to three years, actually two
17 to three years in the future. Let me skip over the leadership
18 project for a second, and then go to genetic discrimination and
19 natal habitat, the two bottom projects. These two are designed
20 to improve management, and looking at the stock structure, it's
21 much the same as pink salmon, or at least the justification is,
22 that is the understanding of the stock structures helps determine
23 if management should focus on one large population or multiple
24 stocks, and in the case of herring, we know far less than we do
25 about pink salmon. So, I think, it may be especially useful.
26 The natal habitat project does a number of things. One of the

1 most notable of which may develop a tool for assessing the
2 biomass of juvenile herrings. Such a tool would increase the
3 reliability of the Department of Fish & Game's predictions, and
4 so be able to help management so they don't over harvest and they
5 protect the wild stocks. So this -- the last two projects then,
6 collectively are designed to leave a long -- a better
7 understanding so that Fish & Game can manage in order to protect
8 the wild stocks, and they hopefully will have an impact which is
9 beyond the life of the research itself. They also began in 1994,
10 and will end in 1997, I believe, '98. The projects that I
11 skipped, the Pacific herring leadership is in some ways a support
12 project. The total cost of this cluster is slightly less than
13 \$1.5 million. That is a significant commitment by the Trustee
14 Council and it's probably a multi-year commitment or an
15 expectation thereof. So, what the Pacific herring leadership
16 does, is it's designed to hire a PI with special expertise in
17 herring to provide some of the -- actual leadership to help
18 integrate and pull the cluster together, so to speak. So, as a
19 group then, what we have is investigating the injury, about a
20 four year -- four to five year program, of which two years have
21 passed, and a similar length of time to improve -- for improving
22 management. I might note that when the PAG looked at this, they
23 recommended that -- the discussion was about the importance of
24 herring both for the economy and as a foundation for the food
25 chain, and so because of that, the PAG was interested that
26 herring work be completed, and they recommended that we fully

1 fund herring projects or possible enhanced funds, and then they
2 added a caveat by that need that fund deferred projects, if
3 technical and other questions were resolved. So, that's herring,
4 so are there any questions?

5 MR. TILLERY: Commissioner.

6 MR. RUE: I might be back a season. How are
7 herring in Prince William Sound doing compared to the West Coast,
8 the rest of the herring stock, and it's my understanding in
9 Alaska we're doing well with our other herring stocks, they're
10 healthy. Prince William Sound is uniquely -- doing uniquely
11 poorly.

12 DR. SPIES: That's my -- that's my general
13 understanding. I don't have a detailed knowledge of herring
14 stocks in other places on the Pacific coast, but my understanding
15 generally in Alaska that herring stocks are quite good and -- and
16 the Prince William Sound is clearly an exception right now to the
17 statewide picture for herring stocks.

18 MR. RUE: About -- you aren't aware of anything on
19 the rest of the West Coast, Vancouver area? I don't like into
20 Pacific salmon, but herring (indiscernible) somewhere, okay,
21 that's fine.

22 MR. HINES: (Indiscernible) good from what I
23 understand from a couple of trade publications. I think that's
24 our (indiscernible).

25 MR. RUE: Yeah, I think that's right.

26 MR. TILLERY: Do you have other questions?

1 MR. HINES: Just one more thing about the leadership
2 -- the program leadership, is that person going to work in
3 concert with or with the ADF&G program manager (indiscernible --
4 simultaneous talking) to be hired?

5 MR. LOEFFLER: Hired by ADF&G, and we would work with
6 them to become an ADF&G employee.

7 MR. TILLERY: Any further -- I guess I -- I also had a
8 question on this leadership. It's \$49,000 a year?

9 MR. LOEFFLER: The remaining -- it's -- that wouldn't
10 be the full salary and benefits. It is a portion of the money is
11 drawn from the other projects, so that the position will be
12 funded in part through this project and in part through a
13 contribution by the other herring projects.

14 MR. TILLERY: So, this person is then fundamentally
15 different from a -- from just another peer reviewer with an
16 expertise in herring, they're a full time employee?

17 MR. LOEFFLER: That is correct.

18 MR. TILLERY: And, is the program they are making --
19 they're going to coordinate it, is it just this cluster or is it
20 something ADF&G is doing some ...

21 MR. LOEFFLER: Well, I -- I should let ...

22 DR. SENNER: It will be just this cluster and the
23 connections to other parts of the oil spill program, and
24 particularly this to the SEA program which conceptually has a lot
25 of linkages to the herring program, but this is not an ADF&G
26 employee to go manage herring in Kodiak or wherever.

1 MS. McCAMMON: However -- (laughter) However, I think
2 the reason you see this project in here is because, I mean what
3 we're looking for is kind of a herring guru, and I think the
4 reason you see it in here is because the department does not have
5 this at this moment, because of the funding and the herring
6 program and other responsibilities.

7 MR. RUE: Right now we're fully occupied trying to
8 manage the herring fish, you know the herring fisheries around
9 the state, and we don't have someone who can pay -- who is a
10 herring expert who can pay the kind of attention you would need
11 to do the things that Stan was talking about.

12 MR. TILLERY: I agree with the Public Advisory Group's
13 views that this is important, and I think that actually this
14 leadership is a very good idea. I would -- I would hope the Fish
15 & Game would, at some point, decide perhaps that this something
16 that they would just make a part of their regular program.

17 MR. RUE: Mr. Chairman, I hate -- this get backs
18 to the whole issue of is it normal kind of activity, you know, I
19 think probably there are lots of things the department would like
20 to or should be doing if they were doing the best possible job,
21 but right now, I think we're -- we'll be lucky if we maintain a
22 herring management program at all, given budget constraints.

23 DR. SENNER: Mr. Chairman, just one additional
24 comment. I think the fact that the herring are important
25 ecologically and economically, and we do have a very bad
26 situation, argues for the extra attention from this program.

1 MR. TILLERY: Any further comments or questions?

2 Proceed with the next cluster.

3 DR. SPIES: Next cluster is the sockeye salmon, or,
4 excuse me the SEA program. As you know, the SEA program is --
5 relates both to the pink salmon and herring and in a wider sense
6 the entire Prince William Sound ecosystem, particularly from the
7 standpoint of production of -- support and production of those
8 species, and it is -- it's got a, kind of a long-term goal of
9 understanding the constraints for production of pink salmon and
10 herring, and its driving factors in the ecology, including
11 climatic factors that may be controlling this. This is a multi-
12 component, multi-disciplinary study that is on the cutting edge
13 of biological oceanography today, and I think it's kind of --
14 I've often characterized it as the flag ship of the ecological
15 studies that we're -- the Trustee Council is trying to take an
16 ecological approach, and it's been supported by two years. It
17 has a lot of different components to it, all the way from basic
18 oceanography, currents and the relationship to currents, to
19 climatic patterns, relationships to currents and nutrients to
20 primary production of phytoplankton, zooplankton which are the
21 primary food for the larval fish, and how the timing of the
22 plankton bloom and its -- the presence of the predators interact
23 to possibly set the stage for the strength of those year classes
24 in a particular year, and how inter-annual strength of year
25 classes relates back to some of the basic physical driving
26 factors in the ecosystem. I think one way you can look at this

1 program is if it's -- it's planned for the long-term
2 understanding of the resource in an ecological sense, and I think
3 it's kind of breaking new ground in fisheries management for
4 trying to understand the resource in the context of the
5 ecosystem, and giving us a predictive look at what may be going
6 on and be able to predict several years in the future and what
7 may be going on with a particular research (indiscernible). It
8 stands to benefit management from that point of view. I think
9 I've covered pretty much the state of the resources that
10 primarily address that, but this is providing a basic ecological
11 understanding of the system. So, without further elaboration,
12 I'll pass it on to Bob Loeffler for a discussion of the cluster.

13 MR. LOEFFLER: Thank you, Bob, Mr. Chairman. This
14 project began in 1994 -- fiscal year '94 -- and because of its
15 size for the restoration program, I want to just take a second on
16 its economic projectory. It was funded for six million in fiscal
17 year '94, 4.6 in last fiscal year -- it's recommended for
18 approximately 4.5 million this year, and then decrease in size to
19 3.6 in '97 and 2.6 in '98. So it has a decreasing projectory in
20 the future. It is composed of 14 integrated projects, and I'm
21 not going to go over the overall design, I think Bob -- Dr. Spies
22 -- did that well enough, except to note that it's motivating
23 factor was really the investigation of the processes controlling
24 the natural production of salmon and herring, but that it has a
25 wider implication, and especially in the oceanography, provides
26 foundation information that we hope to be useful for ecological

1 processes for most of the injured resources and services.

2 There is one other project I would like to call your
3 attention to, and that is pristane.. It is a related project, and
4 it's one I think that -- that people are quite excited about.
5 Pristane would provide a simple measure of marine productivity to
6 allow predictions about future fish production and harvest
7 levels. So it's a technically virtuous method of providing
8 insight into sort of a marker for the ecosystem productivity as a
9 whole. This would be a new job this year and would have about a
10 five year trajectory, how it's proposed. It's deferred entirely
11 because it's a new project and, while most useful if done this
12 year, it's not absolutely required.

13 MR. RUE: Bob, which page is that?

14 MR. LOEFFLER: 195. It's on the -- on the spreadsheet
15 you're looking at, I believe it's on SEA related projects. So,
16 it's -- in the big spreadsheet it's on page 15 . . .

17 MR. SENNER: Fifteen at the bottom.

18 MR. LOEFFLER: And on the summary, it's on page two. I
19 might also add -- sorry -- that -- the PAG had recommended to
20 fully fund.

21 MR. PIPER: This is a question for Bob Spies. Given
22 the number of variables involved in this kind of an ecosystem
23 approach and given the fact that we don't know very well what the
24 connections are among all the variables, it is realistic to
25 assume that the Sound Ecosystem Assessment Project really is
26 going to go on this descending funding curve several years out.

1 You might not know that, but did we just decide that it was going
2 to start going down or it is the fact that we may start learning
3 more things and decide that this is the program that we want to
4 look at expanding or keeping the current funding levels? I don't
5 know.

6 DR. SPIES: I think that given the major hypotheses
7 that they have which don't relate -- I mean, they relate to the
8 whole system but they're not comprehensible to all the processes
9 going on in the system that I think that the -- the decreasing
10 funding over the next several years that's planned is appropriate
11 to deal with those major hypotheses and may relate generally to
12 how the Sound is spliced oceanographically relative to its
13 production every year. In fact, there's even some speculation --
14 now, gives the patterns of pink salmon return with the strong
15 return in the north, with the weaker return in the southwest
16 district, that we may have to think about the kind of sweeping of
17 the lower part of the Sound relative to the upper part of the
18 Sound in production, and so they're constantly adjusting and
19 thinking about these, but I think, to answer your question
20 directly, I think that the -- that the declining funding that's
21 slated is probably, in most people's opinion, appropriate for
22 answering the major hypotheses. Certainly, there's -- there will
23 also be more questions and very important questions to ask about
24 this system, this is a starting point. We have other ecological
25 projects, and I would kind of like to take this adaptive
26 management approach to these ecosystem studies and assess some

1 money on a year-to-year basis and be able to be flexible with
2 what kind of strategy we adopt for these studies in the future.

3 MS. MCCAMMON: Mr. Chairman, actually, if I could just
4 add something to that. Ernie, at the restoration workshop in
5 January of last year, Ted Cooney gave a presentation on this
6 project where he actually had a diagram of where he had the work
7 that they're doing now staying stable for about three years and
8 then going down to a point here because you're transitioning from
9 massive, extensive field work to basically a modeling kind of
10 exercise, and at that point, based on that information, you may -
11 - they may come in with new projects or new proposals later at
12 some point, but there was definitely this kind of cone shape, and
13 I just went and fixed numbers to that cone shape and got them to
14 agree to it (laughter) and that's where those numbers really came
15 from. I think, like Bob said, they are realistic in terms of the
16 overall objective. That doesn't mean the group -- the SEA
17 Program -- won't come in three years from now and say, this was
18 great, we did all of this, now we have a new five year study that
19 we want to do to examine these questions, and that will be looked
20 at at that time.

21 MR. HINES: Mr. Chairman, yes, one more question for
22 Bob -- we have -- understand that SEA is just takes a look at a
23 pretty narrow niche in the ecosystem, yet we have two or three
24 other ecosystem studies. How are we going to be able to draw
25 those all together, tie them in? Have you contemplated that?

26 DR. SPIES: That's a very good question, Bill, and I

1 think it's fundamental to our overall approach to the science of
2 the ecosystem. We have a nearshore component, we also have a --
3 other pelagic component. The SEA Program is basically a pelagic
4 production -- thing -- and it does deal somewhat with the margins
5 of the system, but it's mainly with the upper part of the open
6 water column. The other pelagic program that's going on is the -
7 - is the forage fish program, and it's looking at the multiple
8 species of forage fish that also include the herring as well, so
9 it does overlap there, but it's temporally different because the
10 focus of the SEA Program is in the spring phytoplankton bloom,
11 and the forage fish program is more of a longer term -- longer
12 season -- they're looking at in terms of understanding the
13 processes. I think eventually the nearshore program, which is
14 looking at what is constraining pinks at the sea-land interface,
15 those particular non-recovering species, will eventually link up,
16 as well as the marine mammal component, which is the other part
17 of the this ecosystem thing, but it's not as broadly based. I
18 think all of these things may be eventually linked up, and we're
19 seeing some of those -- some of those links being thought about,
20 hypothesized about now, but it's a little bit early, I think, to
21 see how we're going to get this beautiful, holistic picture out
22 of it eventually. I think it will, with an intelligent approach
23 and flexible approach, I think we'll eventually learn a lot more
24 about how this system's put together. We're not going to have
25 all the answers by the year 2002, and I think that's really
26 clear.

1 MR. HINES: Thank you.

2 MR. TILLERY: Additional questions?

3 MS. McCAMMON: Mr. Chairman, there's also one unique

4 element to this particular cluster, and that is the funding. In

5 the past, the funding has been achieved by a reimbursable

6 services agreement between the Department of Fish & Game and the

7 University. The University then does a subcontract with the

8 Prince William Sound Science Center. So you have about -- you

9 have three layers of bureaucracy in there. The University made

10 it very clear last year that they did no -- they no longer wanted

11 to contract out with the Science Center, that is was actually

12 just more hassle than it was worth to them at that point, so the

13 Science Center portion of this project was submitted under NOAA's

14 broad agency announcement and will be administered in that

15 fashion. So, what we have is -- the way the broad agency

16 announcement works, it goes beyond fiscal years and requires a

17 deliverable at the end. So, in order to do that, we have to

18 start going into FY97 funds in order to get the deliverable of

19 the data analysis and report writing for the Science Center

20 portions. So, in this one instance, what we're recommending is

21 funding continuation level funding at 4.5257 for the entire

22 project, but an additional \$589,100 for the report writing costs

23 of the Science Center portion of that program that will then be -

24 - they're basically FY97 costs that need to be front-loaded at

25 this time. It would be whatever target figure we have for FY97

26 total, these costs would be taken out of that number. We checked

1 this with the project leader, Ted Cooney, these numbers are
2 satisfactory to him, we've reviewed that budget. So the
3 recommendation today would be the 4.5 million plus this
4 additional, nearly six hundred thousand.

5 MR. RUE: This last part being backed out of next
6 year?

7 MS. McCAMMON: Correct.

8 MR. RUE: That's an important

9 MS. McCAMMON: Yes.

10 MR. WOLFE: Clarify that one more time -- the
11 \$600,000 is where in this packet of information here?

12 MS. McCAMMON: It would be funded now, because NOAA
13 needs the money upfront in order to consummate a full contract.
14 However, for our planning purposes, that \$600,000 would be
15 considered FY97 costs -- but it would have to be take action and
16 funding now -- it would come out of the next court request.

17 MR. WOLFE: Okay.

18 MR. SENNER: Page 9 on there is -- is the --.

19 MS. McCAMMON: Correct. It's included on page 9 in the
20 more detailed recommendation.

21 MR. SENNER: Under the Executive Director's
22 recommendation on the right hand side.

23 MS. McCAMMON: We didn't want to roll it into that
24 total because then it kind of confuses things because it's such a
25 large number that then it looks like we've really bumped up and
26 gone way above any of their previous funding and it looked very

1 confusing there.

2 MR. WOLFE: Have we not been paying an overhead to
3 the University to do this work also?

4 MS. McCAMMON: Well, there's -- basically we were using
5 the University just to pass through the monies to the Science
6 Center, and the idea was that it shouldn't require very much
7 overhead just to pass through the money. The University believed
8 that they were spending a lot more time and effort doing that
9 pass through in getting the Science Center up to federal audit
10 standards than they were getting reimbursed for. Plus that,
11 normally when they do subcontracts, the University chooses who
12 the subcontract -- subcontractors are, they do a competitive
13 process, and this was basically part of our contract with the
14 University that they had to give it to this subcontractor, and
15 that caused them further heartburn.

16 MR. WOLFE: Okay.

17 MR. MYERS: Point of clarification, Mr. Chairman and
18 Mr. Wolfe, what we're talking about is four, specific, individual
19 projects . . .

20 MS. McCAMMON: Out of the 14.

21 MR. MYERS: . . . out of the 14, and they are, if
22 you look at the spreadsheet, the larger spreadsheet, you will see
23 that they are 320I, 320J, 320M, and under the Executive
24 Director's recommendation you will see a portion for action of
25 that, roughly \$600,000 associated with each of the projects that
26 would be, not for indirect or administration, but rather for

1 actual report writing and data analysis which would occur during
2 the first portion of FY97, during the FY97, but we need those
3 monies in hand at this point in order to initiate and consummate
4 the contracts through NOAA because they need to be able to write
5 into the contracts that there will be a deliverable, and that
6 those deliverables will be funded . . .

7 MR. WOLFE: Okay.

8 MR. MYERS: . . . out of these monies.

9 MR. WOLFE: They have to have the money available .
10 . .

11 MS. McCAMMON: Correct.

12 MR. WOLFE: . . . when they contract. Okay. Mr.
13 Chairman, I had one other question on this. In -- in '97 you
14 show all the money going to one project under Fish & Game as just
15 kind of a lump sum, was -- can you explain that a little bit more
16 what's being contemplated there?

17 MS. McCAMMON: Basically, that this project is such an
18 integrated project and is under the leadership of Dr. Cooney from
19 the University of Alaska at Fairbanks, and they get together and
20 they figure out amongst themselves how best to spend that amount
21 of money. That then goes through a very comprehensive peer
22 review and gets some modification based on Dr. Spies' and others'
23 comments, but at this point we didn't feel we could go through
24 project by project and indicate which one was going to go where.

25 MR. WOLFE: It's an estimated placeholder.

26 MS. McCAMMON: Correct.

1 MR. WOLFE: Okay. Thank you.

2 (Aside comments)

3 MR. TILLERY: Is there money in this year for report
4 writing from last year?

5 MS. McCAMMON: No. Well, yes -- yes.

6 MR. TILLERY: Where's that?

7 MS. McCAMMON: It's in the overall budget.

8 MR. TILLERY: It's not in one of these specific . . .?

9 MR. LOEFFLER: It's part of the 4.6 million.

10 MS. McCAMMON: Right. It's part of the 4.6.

11 MR. TILLERY: But it's not broken . . .

12 MS. McCAMMON: Four point five.

13 MR. TILLERY: . . . out under one of these guys?

14 MS. McCAMMON: No. Well --

15 MR. TILLERY: . . . these things.

16 MR. MYERS: In the case of the SEA Program projects,
17 I could tell you that a spreadsheet that identifies the fraction
18 of those FY96 costs that are associated with report writing, to
19 take care of report writing analysis that was -- that's generated
20 from the field work that's been the active this summer will be
21 taken care of, some certain fraction, and then there's another
22 portion of the funding that associated with the remaining work,
23 field work, that will start in FY96, and then, if you will,
24 there's next year's report writing costs. So, each fiscal year
25 simply has two components, one is the report writing component,
26 the other is the continuing field work.

1 MS. McCAMMON: Mr. Chairman, depending on the resource,
2 it can vary as much as half to two-thirds of the cost being in
3 report writing and data analysis. I mean, in a lot of cases
4 that's where the major costs of the project is. The field work
5 is relatively inexpensive in comparison.

6 MR. TILLERY: Is there additional questions on the SEA
7 cluster? What is will of the Council?

8 MS. McCAMMON: That actually brings up another issue
9 that I'll mention now, and this also applies to the Apex project.
10 Given that we're having a lot problems with late reports does
11 raise the question, are we asking too much in a given fiscal year
12 to do both field work and complete data analysis, and I think in
13 some cases it might be warranted to do an every-other-year -- so
14 that you really do get good results and can really make a
15 determination of what you're doing in the future.

16 UNIDENTIFIED VOICE: I'm sorry, Molly, doing what every
17 other year?

18 MS. McCAMMON: Doing the field work every other year,
19 instead of every year. If we're collecting so much data that
20 we're not able to analyze it and report on it the following
21 winter before you start you're next field season collecting more
22 data, are we doing too much with not enough content.

23 MR. RUE: It seems to me that's something you'd
24 have to look on a . . .

25 MS. McCAMMON: Case by case.

26 MR. RUE: Yeah. There are some things you don't

1 need to know every year perhaps.

2 MR. TILLERY: And if you don't need to know it every
3 year, it would seem almost -- regardless of whether you get your
4 reports written in time, you shouldn't be doing it every year.

5 MR. RUE: Exactly. Maybe that's a question that
6 should be asked of every report that comes in, the first sieve,
7 or one of the first sieves.

8 MR. TILLERY: Any further comments on this? Is this a
9 good time to take the lunch break. I guess there's sandwiches
10 here, and my understanding is there are adequate . . .

11 MS. MCCAMMON: Yes, there should be.

12 MR. TILLERY: . . . sandwiches for everyone -- or
13 close enough. So, we will reconvene in 30 minutes.

14 (Off record 12:15 p.m.)

15 (On record 12:49 p.m.)

16 MR. TILLERY: Shall we plan to resume? The meeting of
17 the Exxon Valdez Trustees Council is back in session. I believe
18 we had left off we were going to begin a presentation on sockeye
19 salmon cluster, if that was your plan.

20 DR. SPIES: Yes, Mr. Chairman. As far as the state
21 of the resources of sockeye salmon, although the data are not
22 completely in and analyzed, we do have preliminary information on
23 a system of great interest to us, the Kenai River system. The
24 Cook -- the catch in Upper Cook Inlet this year was about 2.9
25 million fish, which is a little bit on the low side from
26 expectations, that is about what the long-term average has been

1 in that system. The escapement to the Kenai River itself is
2 about six hundred to 690,000. That's probably, the final figure
3 is going to be somewhere in there, which is -- meets escapement
4 goals for the Kneai River. The Department of Fish & Game now is
5 beginning to talk more about sub-stocks within the system, and
6 the Kenai River mainstem fish, the five year old fish from the
7 '90 brood year, are showing what we considered to be the
8 aftermath of an over-escapement event in '87 -- '86 -- no -- '87
9 --'86 through '90 -- '86 through '89, and then with a spill-over
10 effect of the '90 brood year, so we think there is a measurable
11 effect now from that over-escapement on that lake system. The
12 downturn that we're seeing is part of a kind of a longer term
13 cycling of that system we expect to see in sockeye lakes with
14 five to seven year-type cycling, with the peak production that we
15 saw in the -- from the '89 -- '88 brood years -- you would expect
16 to see some sort of a decrease at this -- this point. The
17 return-for-spawner information which the department is using
18 right now to -- to look at the escapement suggests that -- the
19 analysis of that data suggests we're at an all-time low for
20 return-for-spawner -- that's the number of returning fish from a
21 particular one spawner. I think it's about 2.4 is the current
22 estimate from the '90 brood, and that is outside of two standard
23 deviations of the historical mean for that particular measure.

24 As far as some of the other systems, we don't yet have
25 complete data for the Red Lake/Aculura Lake systems that we've
26 been focusing on in the Kodiak district for over-escapement

1 studies. We do have preliminary information on Coghill. As many
2 people may be aware, there was an opening for sockeye salmon in
3 Coghill. That system was not affected directly by the -- the
4 over-escapement event in '89, but it is -- that lake system is
5 being fertilized as a replacement action for lost fisheries
6 opportunities during the spill and the spill year. The Coghill
7 Lake is looking more promising than it has for several years in
8 terms of returns. It's a pretty depleted system. Hopefully,
9 when the effects of the fertilization kick in in the next year or
10 two, we hope, we will see an even better return. So, that's a
11 thumbnail sketch of the state of the sockeye -- resources in the
12 systems that we've been funding the last several years. I'll
13 turn it over now to Bob Loeffler for a little bit more detail on
14 individual projects in this cluster.

15 MR. LOEFFLER: Thank you, Dr. Spies, Mr. Chairman. Let
16 me begin with -- there are three parts of the sockeye program:
17 Kenai-Skilak Lake, Kodiak, and some supplementation efforts. Let
18 me begin with certainly the most expensive and most
19 controversial, the Kenai-Skilak. In fiscal year '92 began an
20 effort both to do research and improve the stock separation and
21 management tools of the Department of Fish & Game. At that time,
22 you will remember, they were predicting the potential for a
23 disastrous run on the Kenai, with the expectation that it might
24 be required to curtail commercial fishing in Upper Cook Inlet.
25 That led to the need at that point to be able to do in-season
26 management to protect the run back to the Kenai during -- from

1 the -- during the commercial fishing in the inlet. Fortunately,
2 the run isn't -- while there are still some significant questions
3 about the return-for-spawners, the run has not been as had been
4 predicted a few years ago. Nevertheless, the project work is a
5 dramatic success in the sense that it has been used by the
6 Department of Fish & Game in-season to identify the portion of
7 the catch on its way to the Kenai and other sockeye spawning
8 streams. It's a technically excellent project that we're quite
9 proud the Trustee Council has developed for the resource. The
10 questions that remain on it are at what level it should be
11 supported this year, whether further development to refine it is
12 necessary to sub-stocks in the Kenai, and when it will be taken
13 over as normal agency management by the Department of Fish &
14 Game. It is now fully operational -- a useful tool I understand.
15 With respect to research, we have an imperfect understanding of
16 the mechanism and the amount of injury wrought by the over-
17 escapement event Bob referred to from 1987 through '89, and these
18 -- the two research projects are designed to provide essentially
19 deeper insight into the mechanism and amount of injury and the
20 extent to which that injury continues. You'll notice that both
21 the stock separation and research components are deferred, other
22 than interim expenses are deferred, and they are deferred so that
23 we can take a look at the extent to which the injury is
24 continuing. That is, in previous years we said we would either
25 cut off these projects or continue them, depending upon the
26 return of the five year -- the return this year. So, it's

1 deferred for two reasons. One is to review the return this year
2 and the results of previous years, and the second is to look at
3 the overall sockeye program. And I might remind you that with
4 respect to Kenai and Skilak, there are other portions of the
5 sockeye program besides what's referenced here. There is the
6 habitat protect -- habitat improvements -- and the small parcel
7 program, both of which are designed to protect the Kenai-Skilak
8 resource. So, that's the Kenai-Skilak portion of the sockeye.

9 Kodiak is continuing monitoring, and I believe it too was
10 begun when the Kenai-Skilak was begun in fiscal year '92, and it
11 was -- that provides the continuing monitoring of smolt out-
12 migration and similar parameters, so that the Department of Fish
13 & Game can construct a harvest management plan to protect the
14 resource to ensure escapement goals are being met. And so we are
15 unsure when that would conclude because we're unsure when the
16 recovery would occur for the Kodiak sockeye lines.

17 Supplementations involves two projects, both -- Coghill is
18 in it's fourth year of a five year fertilization cycle and is
19 expected to transition to the Department of Fish & Game after
20 fiscal year 1997, and that would be for continued monitoring.
21 Columbia and Solf lake feasibility is -- it's a feasibility
22 study, so it's deferred -- to determine whether it's feasible to
23 supplement those lakes, and the DPD has just not been fully
24 reviewed.

25 So, that's where we're going. I might add that the PAG
26 recommendation was that they directed staff to review the sockeye

1 projects with an eye to identifying budget reductions and to
2 close out management-related aspects of the sockeye cluster --
3 cluster -- as expeditiously as possible.

4 MR. TILLERY: Mr. Rue.

5 MR. RUE: Yes, let me make a few observations
6 because this is an interesting project or set of projects that
7 relate to some of the conversations we had earlier on the issue
8 of what's normal agency management, what are our expectations for
9 recovery, that kind of thing. Ken Tarbucks (ph) I see is in the
10 audience if we have any technical questions and/or Joe Sullivan
11 knows some of these projects. But one of the things I think --
12 if I can just digress for a minute, and I'll have a small
13 preamble. I don't object to the way we're approaching these, I
14 have some suggestions on kind of the conceptual language that
15 frames it, but I think it's fine to defer some of the -- and look
16 at this fall what's going on with some of these projects, so I
17 don't think I have any difference with the general direction
18 we're going here and the need to look at what we still do, if
19 anything, on these projects after this year. But let me digress
20 a little bit, because I think it is important that -- you know,
21 Dr. Spies said we have seen an injury to the system, we've had
22 this ongoing problem, we're somewhat the victim of, you know, the
23 sky is falling statements. I remember early in the spill we all
24 saw this as the end of the world, the Kenai is going -- we may
25 not be able to fish it, and that prediction didn't come true.
26 However, there is an ongoing problem with the system. The

1 question is what would we be doing there as part of normal agency
2 management. We do genetic stock studies in other parts of the
3 state, chum salmon in Western Alaska. We've got a problem with
4 chum salmon in Western Alaska, the Area M fishery that intercepts
5 that -- those fish -- so we put a fair amount of effort into
6 genetic stock identification, that kind of thing there. But
7 that's the problem -- so, we've had a problem in the Kuskokwim --
8 Yukon-Kuskokwim chum salmon resource that we've gone after a kind
9 of management precision and research that kind of reflects the
10 situation on the Kenai. We wouldn't do that on the Kenai,
11 lacking spill effects. And so when you say what's normal agency
12 -- what is normally -- what is normal agency management, I think
13 you have to look at what would we be doing absent the spill.
14 Well, in Area M and Western Alaska we're doing similar kinds of
15 things because we've got a natural -- naturally occurring problem
16 in an intercept fishery, but on the Kenai I don't think we would.
17 So, I guess, that to me is the kind of thing we ought to look at
18 -- and this may be an example of a project that gives you an
19 opportunity to look at what is normal agency management and what
20 would we normally be doing without the spill there. I guess the
21 suggestion I would have is -- well, actually, before I get to my
22 suggestion -- I'm not sure we would ever take this over, lacking
23 the spill. This is sort of the point here. We would not, you
24 know, given the way budgets are going in state government, we
25 might end up taking it over, but this is not an absolute
26 guaranty, even if we develop some very good techniques and have

1 developed some very good techniques here for in-season
2 management, we may never take them over just because of financial
3 constraints, and it -- that decision though may hinge on whether
4 the system has recovered. We would divert resources from another
5 part of the state, weaken our management of fisheries elsewhere
6 to take over an oil spill project where we developed this more
7 precise management -- these more management tools -- and
8 information base, could well depend on whetyher we think the
9 stock is coming up, staying flat, or not doing any -- you know,
10 just not recovering. So, that question has to be asked too, and
11 I think it's most appropriately asked, not today, but in this
12 fall review. So, I think it's appropriate to defer parts of this
13 project and look at this whole issue. But those are the kinds of
14 questions I hope that that group looks at, and they will drive
15 whether the Trustees ought to continue to fund this kind of work
16 or whether the department should, or whether we should just
17 ignore the issue and not worry about the -- this kind of
18 management precision on the Kenai River. Because it will not be
19 an easy decision for the department to take over this kind of
20 management, it will be a sacrifice for other fisheries
21 management, other resources in the state.

22 Okay. I guess the only refinement I would ask that we would
23 make here is that we look at this as a close-out of '95 -- or Bob
24 used the word "interim funding" to finish the work of '95, report
25 writing for '95. Anything -- the things having to do with '96
26 are deferred until a discussion this fall, and that may be a

1 finesse of the language, but I guess at this point I would like
2 us to at least look at the fall meeting as an open session where
3 we decide if we really want to do something in '96 and not have
4 the language here assume that it's, quote, close-out, done, and
5 the fall effort is not really going to be a serious look at
6 whether this makes sense or not. So, I would just ask for a
7 slight refinement of that language, close -- either call it
8 interim for this, you know, decision today, the same number that
9 the Executive Director has suggested, or call it close-out '95.
10 Maybe it's a refinement that -- that's important for me in the
11 way I'm thinking about the upcoming fall meeting. I also think
12 it's important that we do look at how we reduce the costs of this
13 project, and so I'm agreeing with that, and I've talked to a
14 staff, who are aware of that, and so we will be looking hard at
15 how we can -- if we can -- you know, when we propose something it
16 will be a reduced scope. Whether it gets financed or not is
17 another question. So, I guess that's a long-winded way of saying
18 I generally agree with the approach, the direction, but I would
19 like to have the fairly open mind, that people be open-minded
20 about what we might do next year. And that pertains to Project
21 255 and 258 -- B -- no, not B -- A.

22 MR. TILLERY: Other additional comments? I think I
23 agree with your statement. I guess the one thing I'm not sure
24 about, do we need to make a change in anything to reflect what
25 the Commissioner is saying? Ms. McCammon.

26 MS. MCCAMMON: Mr. Chairman, I'll just make note in the

1 text of the recommendation, just making it clear that it's a
2 close-out of the '95 portion only, and it's deferring action on
3 the future.

4 MR. TILLERY: Thank you. Okay. I think that would --
5 help. Anything else on the sockeye cluster? Dr. Spies?

6 MS. MCCAMMON: Actually -- I'm sorry, Bob, did you make
7 note of the change in 96048BAA -- that that's deferred now?

8 MR. LOEFFLER: No, I didn't.

9 MS. MCCAMMON: Okay. I didn't think so. Project
10 96048BAA, historical analysis of sockeye growth, in the
11 spreadsheet that you have the recommendation is to fund, and
12 based on some additional review comments that we've received in
13 the past week or so, the recommendation now is defer until some
14 further questions are answered.

15 DR. SPIES: The next cluster is the Dolly Varden-
16 Cutthroat trout. There's not much new to say here because we
17 don't have any ongoing projects that would tell us about the
18 status of these resources at the present moment. There are some
19 supplementation efforts underway, and Bob Loeffler, I think, will
20 address those in his comments. Just a little bit of a recap of
21 the injury. There was differential growth between oiled and
22 unoiled areas, with poor growth in oiled areas, post-spill, for
23 both Dolly Varden and cutthroat trout. Those studies stopped in
24 about '91-'92, and we haven't had a re -- a re-assessment of the
25 state of the resource since that time. We never did have any
26 areawide population estimates of what the impact of the spill may

1 have been on those particular species, but we did note this poor
2 growth. So, with those brief introductory comments, I'll turn it
3 over to Bob Loeffler to talk about this cluster.

4 MR. LOEFFLER: Thank you. I'll be quite brief,
5 actually. In previous years, we've done very little since the
6 damage assessment has stopped on Dolly Varden and cutthroat
7 trout. In fact, our sole project in past years has been habitat
8 improvement structures, listed here as 043B, and so this year
9 what we're doing is just monitoring those, we'll monitor those
10 structures to ensure that they work. It's -- that project is
11 deferred only because we're still working out the monitoring
12 schedule and costs, so we're not sure if it's a one, a three or a
13 five year monitoring -- monitoring schedule -- and that hasn't
14 been worked out.

15 The second portion, which is new this year, would be some
16 research on Dolly Varden and cutthroat trout, and the research
17 would confirm the injury and determine the relationship between
18 anadromous and resident fish. The core reviewers felt that that
19 was an important distinction for purposes of management, and in
20 fact it has national implications. So we were -- because of its
21 national implications, we asked the Forest Service to match the
22 project, that is to provide matching funds. So, as a result,
23 they have provided significantly matching -- significant matching
24 funds, and the project is some \$200,000 less expensive than it
25 was first proposed. That is a -- an approximately three
26 commitment, and that is the cutthroat and Dolly Varden cluster.

1 MR. TILLERY: Questions? Dr. Spies.

2 DR. SPIES: Let's move on then to marine mammals,
3 which is -- on the large spreadsheet -- is page 21. And I'll
4 talk -- it's a little confusing because the sea otters are
5 included in the marine mammals, but also appear under the
6 nearshore ecosystem projects. I'll just talk briefly about sea
7 otters. There was a significant, as everybody realizes, a
8 significant mortality in that when the spill occurred in '89 and
9 perhaps some continuing injury in '90 and may -- maybe as late as
10 '91 in terms of the survival of juvenile otters, and our main
11 source of information on whether this resource is recovering are
12 the boat surveys that have been carried out in '90, '91, '93 and
13 '94, and we don't know too well what the power of these surveys
14 are for sea otters, but we don't see significant increases during
15 that whole period of monitoring. There was aerial surveys, in
16 addition to the boat surveys, that were a main source of
17 information. There were aerial surveys that the Trustee Council
18 earlier supported the development of that tool, and in '93 these
19 surveys indicated a total of about 10,000 sea otters in Prince
20 William Sound, and that included the large component that was
21 over in the Hinchinbrook Entrance area and around Cordova, and
22 those weren't necessarily included in the boat surveys. So while
23 the aerial surveys indicate about 10,000 animals, which was about
24 our estimate of the population based on some assumption just
25 before the spill, because of this not -- the exclusion of the
26 Hinchinbrook Entrance from the boat survey, it's really -- it's

1 not know the exact state of the resource. But if we focus on
2 Knight Island, for instance, and we have a lot of information
3 from the aerial surveys from Knight Island, we see a -- sea
4 otters still have not recovered around Knight Island. So we
5 think there's still a spill level effect on the population of sea
6 otters, and they may not have recovered. Our indications are
7 that they haven't recovered.

8 As far as the killer whales are concerned, we generally a
9 increase in killer whale Sound-wide. Our information leads us to
10 suspect that there's been an increase -- a continuing increase in
11 killer whales, but the problem that we have identified in terms
12 of injury have been mainly with this one particular resident pod,
13 AB. They lost about 13 animals in between '89 and '90. We
14 thought they were on their way to recovery in '92 and '93 with
15 the addition of one animal each in those -- to the pod -- in
16 those years, but then in '94 the pod had decreased from 26
17 animals in '93 to 21, and it may be down as low as 19. So
18 there's a sub-group missing of AB pod, and it may be related to
19 this social disruption that occurred as a result of the heavy
20 mortalities and '89 and '90 -- may be an ongoing manifestation of
21 that phenomenon. So it depends on how you look at the situation.
22 Sound-wide the killer whales are in pretty good shape; this one
23 pod does have apparently continuing problems.

24 Harbor seals, we still are below pre-spill levels, but as we
25 all realize, harbor seals were declining before the spill. There
26 are some indications that the decline before the spill has

1 stabilized somewhat. We're still below pre-spill levels, '88
2 however as late as 1993. And then -- that's about it. A
3 thumbnail sketch again, and I'll turn it over to Stan Senner to
4 discuss the details of the marine mammal package.

5 MR. SENNER: The primary strategies for restoring
6 harbor seals and killer whales are to conduct research into the
7 factors that are limiting recovery, and then to simply monitor
8 the status and recovery of the species. We've got three harbor
9 seal projects that are in -- they are sort of multi-year
10 projects, four or five year projects, we're at a mid-way point at
11 all three of them. '064 is Kathy Frost at Department of Fish &
12 Game, and that is really the core study, monitoring harbor seal
13 populations, also modeling the effects of human harvests, which
14 may be a factor in the future of that population. '001 focuses
15 on the body condition and nutritional status of harbor seals in
16 Prince William Sound in comparison with seals elsewhere, and this
17 is important in addressing questions the possible importance of
18 disease in the ongoing decline, or the pre-spill decline of
19 harbor seals. Also it will help address questions of whether
20 food is a limiting factor. And then Project '170 is sort of
21 support work for the first two, and this is looking at differing
22 ratios of stable isotopes to look at whether there are changes in
23 the -- sort of the position in the food chain of harbor seals,
24 and if there are, if there have been changes over time, that will
25 be an indication of whether food is possibly a limiting factor.
26 So, all three of those are ongoing harbor seal projects which are

1 recommended for funding this August. I should note that on '064
2 that the number -- the dollar amounts you have in your
3 spreadsheet, 347.3 is actually less another \$3,000 -- just a
4 budget -- did I get that right?

5 MR. LOEFFLER: NOAA 347.3 is \$3,000 less than in
6 spreadsheet provided on the 15th of August.

7 MR. SENNER: Thank you. Kathy Frost's work has been
8 exemplary in that her budgets seem to keep going down rather than
9 keep going up. It's most unusual and we appreciate her diligence
10 in trying to sort of ferret out money that she doesn't in fact
11 need to spend.

12 The last project in the marine mammal cluster is killer
13 whale investigations. That's 012A. And as Dr. Spies mentioned,
14 killer whales overall in Prince William Sound seem to be doing
15 quite well, but the AB pod in particular is not. This is an
16 example of where we collectively need to give some further
17 consideration to our recovery objectives because we have a
18 recovery objective that explicitly says that our goal is to get
19 36 animals back in the AB pod. That may not be possible or it
20 may not be possible in some reasonable time frame. We don't
21 know, so one of the things we have to look at is how do we judge
22 the health of the AB pod versus killer whale health in a larger
23 sense in Prince William Sound, and no conclusion is drawn on
24 that, but it is a question that we'll have to wrestle with. In
25 part for that reason, however, we are simply recommending that we
26 close out, finish up the work that is underway in 012A, and to

1 approve that amount in August. There is a request that we would
2 defer to December for some additional limited monitoring in '96,
3 and that's a decision we'd like to put off for the moment as we -
4 - as we do look at that question of the recovery objective and
5 what we want to do over the longer term. That's all.

6 MR. TILLERY: Questions? Mr. Senner, I'm not sure I
7 quite understood the -- this -- there are two stable isotope
8 studies proposed, one of which had to do with seals and one that
9 had to do with killer whales, and the recommendation is to fund
10 one but not fund the other. What's the ...?

11 MR. SENNER: Mr. Chairman, the -- and Dr. Spies can
12 chime in here -- but the reason we did not recommend going ahead
13 with the isotope work on the killer whales is that that project
14 only made sense in the context of a full -- of there being a
15 full-scale killer whale program in '96, where we're doing a whole
16 suite of killer whale work, and until we've made a decision
17 whether to have such a program in the future, doing the isotope
18 work didn't make a lot of sense. In other words, it was really
19 only the -- it would be most useful as a companion to a larger
20 scale program that we're not going to have in '96.

21 DR. SPIES: There is a component of the '95 program
22 actually. There are -- are biopsies being taken from killer
23 whales, both transient and resident killer whales, this year that
24 could be made available for a limited study of isotope analysis
25 and that may provide some insights into whether a particular
26 technique may be useful if we should decide to fund more killer

1 whale work in the future.

2 The next cluster is called the nearshore ecosystem projects,
3 and -- I'll talk about the intertidal, subtidal, stranded oil on
4 the nearshore and mention in passing the pigeon guillemots and
5 harlequin ducks, which are really kind of -- they are seabirds
6 but they are included in the Nearshore Vertebrate Predator
7 Project.

8 Starting off with the intertidal studies, we did a really
9 massive damage assessment on the intertidal of the entire spill
10 area to 1991, identified injury in all three areas and several
11 different sub-habitats, most notably the sheltered, rocky
12 habitat, and since that time we've done mainly studies on the
13 rocky habitat in Herring Bay on the northern end of Knight
14 Island. During those studies in '89 to '91, we did identify
15 quite a bit of injury in the middle and upper intertidal zones,
16 mainly a diminution of the rockweed *Fucus* and related algae, and
17 also a diminution of mussels, barnacles and limpets, and in 1990
18 there was also some evidence of injury to intertidal fish. Now,
19 through those three years we saw some indications of recovery of
20 the system, particularly in the middle intertidal and some
21 beginnings of recovery in the upper intertidal, and the ongoing
22 work in Herring Bay has identified some -- possibly some recovery
23 of the upper intertidal, although it's slow and it's been
24 suggested, strongly suggested by the Herring Bay work, that the
25 rate at which *Fucus* is recolonizing the upper intertidal and
26 these habitats is limiting recovery. I also might mention that

1 there's a reasonable amount of evidence that indicate that clam
2 and clam beds, and we're talking about some clam projects later,
3 were injured by the spill.

4 Subtidally, again, a large number of studies that were done
5 mainly in '90 and '91 -- the main efforts were in '90 and '91 and
6 then a revisiting of the intertidal ecosystem in '93 -- we saw
7 injury at the eelgrass, starfish and crabs, and also in the in-
8 fauna, the things that live in the sand and mud around eelgrass
9 beds, particularly in deeper portions of the eelgrass beds,
10 showed what appeared to be a fairly definitive injury in '90 and
11 '91. Also ampopods, beach hoppers, were depressed and those are
12 typically the kinds of organisms that are hardest hit by oil
13 spills in these kinds of environments. We saw some indications
14 of recovery in '91 compared to '90 in these habitats generally,
15 and then in '93 we saw a reversion to what the situation was
16 again in '90, which has brought up questions again about this --
17 whether we're looking at natural geographic differences between
18 oiled and unoiled areas or whether in fact we had an oil spill
19 injury, and I think this is one of the things we have to think
20 about when we're talking about looking at recovery objectives.
21 That's situation with the subtidal studies and the state of that
22 resource.

23 Very briefly, there is still remains, stranded oil on the
24 intertidal zone. It is generally decreasing from everything that
25 we know, however, there are small amounts that are going to
26 persist for long periods of time in areas where it has turned to

1 asphalted material or in areas that are heavily armored under
2 large rocks in intertidal zones. Even in high energy beaches we
3 know that that oil can persist for a long time, and in mussel
4 beds, again, sheltered from the energy. Although they may be in
5 a generally energetic environment, the mussel bed itself acts as
6 an armor for the underlying substrate where the oil has been
7 trapped. And these areas, although there are a small amount of
8 oil relative to what was spilled, they'll continue to be of
9 concern to the local residents, I think rightly so. In terms of,
10 you know, raising concerns about the safety of the resources and
11 what those effects are, and I think also the aesthetic effect of
12 just having oiled rocks and bits of rocks left over and being
13 able to see oil under rocks when you turn them over looking for
14 food.

15 I might mention just in brief the pigeon guillemots and the
16 harlequin ducks which are in the nearshore package that's
17 considered here. The pigeon guillemots, we know from the morgue
18 data, did sustain a particularly significant injury in '89. We
19 did not have a lot of pre-spill data to compare with post-spill
20 populations, so detecting a recovery has been somewhat
21 problematic, but there is no evidence from the population surveys
22 that there has been recovery with the pigeon guillemots.

23 Harlequin ducks, I think we're all fairly familiar with the
24 situation there. We have not seen much reproductive activity on
25 the western side of Prince William Sound since the spill. We
26 know that those ducks are being exposed to low levels of

1 hydrocarbons from the enzyme analysis that we've done, and
2 whether that's enough to cause a reproductive effect, we don't
3 know. Whether this is a natural difference between east and west
4 Prince William Sound or whether in fact it's a result of the low
5 level of hydrocarbon exposure is, in my mind at least, an open
6 question. There is a lot of concern about harlequin ducks, and
7 so there's continuing efforts to survey the populations and to
8 gather and still analyze the remaining data from the '93
9 collections of ducks, looking at the also physiological impacts
10 of this -- of the oil on harlequin duck reproduction. So, with
11 that less than thumbnail sketch, I'll turn it over to Stan Senner
12 again for a little bit more detailed discussion of the projects
13 composing this cluster.

14 MR. SENNER: The cluster for the nearshore ecosystem
15 projects is large and covers a variety of projects. If you'll
16 look just briefly at the small sheet, it would be page 8, it does
17 have it broken into some convenient sub-headings, and I'd just
18 like to be able to track those. The single largest group in the
19 cluster is the nearshore vertebrate ecosystem project -- NVP. If
20 you're a baseball fan, you always want to say MVP, but this is a
21 \$1.7 million cluster. It was reviewed extensively last spring,
22 and you may recall that the Trustee Council in late March or
23 early April, I forget which, did approve sort of conceptually a
24 work plan for 18 months for that project, and we are coming back
25 to you now with the recommendation that we do go ahead and
26 approve the funding for the next year, even though you had

1 previously signed off on the work plan, and we do this with the
2 assurance that after the '95 season, field season is complete,
3 there will indeed be a review of this entire project and we'll
4 take advantage of that review to hopefully improve on the methods
5 and monitor progress, and at least potentially identify some
6 areas that don't need to go forward, and there could be dollar
7 savings associated with that. So that's the large NVP project.
8 That covers, by the way, sea otters, river otters, harlequin
9 duck, pigeon guillemot, and it tests hypotheses about ongoing
10 contamination and/or food supply limiting recovery of those
11 predators.

12 A related project which we've grouped in that with NVP is
13 104, avian predation on blue mussels. This is a proposal for new
14 work, focusing on the effects of predation by gulls, shorebirds,
15 and some waterfowl on blue mussels. And the blue mussel is a
16 lynch pin species, it is a prey species in the nearshore
17 ecosystem, and so the proposal is to do more to identify the
18 importance of the blue mussel and the impact of avian predation
19 on it and relate that to the rest of the ecosystem program. We
20 have recommended a deferral on that project until December so
21 that we can do a more careful job of seeing actually 104
22 integrates into that larger NVP package.

23 Moving on to some of the other sub -- programs -- here, the
24 next one is to monitor the recovery of the intertidal zone.
25 There are three close-out projects here that have simply reached
26 their natural conclusion: the Herring Bay monitoring, the mussel

1 bed restoration, and the monitoring of sub-tidal eelgrass
2 communities. These are all close-outs which we're recommending
3 funding now. There is a fourth project, which would be a new
4 one, 037 is coastal habitat intertidal monitoring. This would be
5 a new, at least three year program of monitoring intertidal sites
6 that were previously monitored -- I should say last monitored --
7 in 1991. These are in Prince William Sound, on the outer Kenai
8 coast, and then in the Kodiak-Alaska Peninsula areas. Those of
9 you who were here during the damage assessment days know that the
10 Trustees spent lots and lots of money, in fact about \$18 million,
11 as I recall, on coastal habitat damage assessment, and the
12 proposal is to come back and revisit those sites six years later.
13 The -- we have recommended, however, deferral of a decision until
14 December, and the primary reason being simply the large expense
15 of that package and a desire to be able to look at that relative
16 to a number of the other requests for money.

17 Moving on, the fate and persistence of oil has only one
18 project at this time which is proposed for funding, and that is
19 \$10,000 to close out the Kodiak shoreline assessment work which
20 has been going on for the last couple of seasons. However, there
21 is a commitment here and an active effort right now by Bob
22 Loeffler and Ernie Piper and others to work with Chuck Totemoff
23 and residents of some of the other communities that still have
24 oil on their shorelines to set up a workshop in the fall and try
25 and bring in people from the villages, technical people, and
26 people from agencies to hopefully have some kind of a meeting of

1 the minds of what kind of work and what level of work is
2 appropriate in the way of further cleanup of oil on beaches. So,
3 although there's no dollar amount associated with that, the costs
4 of that workshop are being picked up out of the administrative
5 budget, it is possible that that workshop would lead to
6 recommendations for additional project work.

7 Okay, the last area in this cluster is for additional
8 monitoring. These are three harlequin duck projects. Excuse me,
9 two of them are harlequin duck, one of them is the hydrocarbon
10 data base -- that's 290. That's simply a continuation of work to
11 compile the kind of standardized data base of data from any
12 projects that have hydrocarbon data, and the point being that
13 when we have projects that draw on hydrocarbon data, we all need
14 to be using a -- we need to be using results that we have a
15 common understanding about, so that everyone isn't each using a
16 different set of hydrocarbon data. So that's Project 290.
17 Project 427 is the -- kind of the core harlequin duck project
18 that is to be monitoring productivity and numbers of breeding and
19 molting birds in eastern and western Prince William Sound. That
20 one has a recommendation for a small amount interim funding to be
21 approved in August, with a deferral of a larger amount, and this
22 is a case where it is a matter of trying to get all the late
23 reports taken care of and satisfied before a decision is made to
24 continue funding. It is also, just to point out for the current
25 harlequin duck researchers, this is one of the cases where the PI
26 who did much of the earlier work is no longer on the project, so

1 we now have people who have had to come along afterwards and pick
2 up from that person, and that's always difficult. Lastly,
3 Project 161 is a proposal for some new work targeting harlequin
4 ducks. It would be a pilot study putting satellite transmitters
5 in harlequins, probably in the Kodiak-Alaska Peninsula areas.
6 It's technically, we think, a good project, and the investigators
7 have worked hard to try and accommodate suggestions from peer
8 reviewers, but again, we're recommending that that be put off to
9 December, in part because in the fall we do want to convene a
10 meeting the several different agencies and players involved in
11 harlequin work and try and have a clearer understanding of where
12 we want to head with that overall program before we commit to
13 any new funding. So that's nearshore ecosystem.

14 MR. TILLERY: Questions? Deborah Williams.

15 MS. WILLIAMS: With respect to project number 96161,
16 the harlequin duck indicator species for ecological monitoring
17 and recovering, let me say that I support this project very
18 strongly. I have no problem with deferring funding for this
19 project until December, but I do want to go on record now as
20 saying I think it's an important project, and one -- I'll be very
21 candid -- one thing that has been a little frustrating for me as
22 a Trustee Council member is -- is not seeing as much geographic
23 distribution in our research. I think we're doing a good job in
24 our habitat protection, but not as good a job in our research in
25 making sure that we have done adequate research in all of the
26 areas affected by the spill. What this project does is it looks

1 at oiled areas in the Gulf of Alaska, and I believe that area has
2 been unrepresented in our research. I think that is an omission
3 that the Council should correct, and I think this project helps
4 towards that correction. And so, I think the importance of this
5 project is not only to harlequin ducks, but also to making sure
6 that we have an adequate for our research and that we aren't just
7 the, you know, Prince William Sound research funders, that we go
8 to the other areas that were oiled because I think we can learn a
9 lot there and also we have recovery responsibilities there. So,
10 I just want to put a blue tag like they did in this folder and
11 urge both the reviewing group to think about this project in
12 terms of its importance for geographic scope and but then
13 hopefully that we come back in December we will be voting
14 positively on this.

15 MR. TILLERY: Are there are other comments -- Mr.
16 Wolfe.

17 MR. WOLFE: I'm not sure I can be quite as eloquent
18 as Ms. Deborah was -- we have one project -- 96104 -- avian
19 predation on blue mussels, and -- and it has fairly strong
20 support for going ahead and implementing that project, but it is
21 recommended for deferral. We would recommend this project be
22 implemented or at least initiated and with some level of funding
23 at this point in time to allow us to integrate our work with the
24 project number 92025, and we thought we had build it and
25 developed the project to integrate with that overall nearshore
26 predator project, that we'd be happy to continue to work with Dr.

1 Spies and Stan and to better improve the integration, but the
2 work plan is set up to go out with the people working on 96025
3 and Interior, and so we would like to see some level of funding
4 be put in to initiate that work now and then if you wanted to
5 defer some of it for your evaluation of the 96025 to see what
6 comes out of the '95 program of work -- studies -- well, that
7 would be fine.

8 MR. TILLERY: Ms. McCammon.

9 MS. MCCAMMON: Mr. Chairman, I think if we were going
10 to do that approach, 025 is such a completely integrated package
11 that when we asked the (indiscernible -- coughing) Dr. Leslie
12 Holland-Bartels to break down the components of it, she wasn't
13 even able to do that because it is so integrated. But, I think
14 that my preference would be if we were to give some additional
15 money to that project to do this component that the project --
16 the funding -- should go to Project 96025 to do a blue mussel --
17 avian predation on blue mussel component of it, that the funding
18 would then go to the Forest Service, but it would be clear that
19 it would be part of 96025. So, that that would -- so often -- I
20 mean with some of the pink salmon projects we have said in the
21 recommendations to integrate or coordinate, and unless you really
22 force that issue, sometimes it becomes difficult to do. But the
23 funding would go strictly to the Forest Service, but it would be
24 through that overall project.

25 MR. WOLFE: I guess how the funding is labeled is
26 less important to us than the money to do the job that needs to

1 be done, and so, Dave (Gibbons), you don't see any problem with
2 that? I don't either -- so that would be fine.

3 MR. TILLERY: Commissioner.

4 MR. RUE: Is this funding someone to develop a
5 project?

6 MS. McCAMMON: The project's developed.

7 MR. RUE: I can imagine we're going to start
8 getting into funding people -- are we getting into this cycle of
9 --?

10 MS. McCAMMON: Mr. Rue, it is my understanding in
11 talking to Mr. Wolfe today that the reason we had defer, the
12 first year of the overall ecosystem project was to go out, try
13 some methodology, do some experimental work, it was at about a
14 \$700,000 level -- it was just to get some field work going, with
15 the idea of having this major fall review session where you
16 really map out the next year and the year after's effort. It is
17 my understanding from talking to Mr. Wolfe that it was our idea
18 in deferring it that this project be included as part of the fall
19 review for laying out next year's work. It is my understanding
20 there is some work that they'd like to do in the fall and
21 actually work on some of that methodology and do it up front, and
22 so if there was some amount of money that was added 96025 for
23 that effort, then I think that would be appropriate.

24 MR. TILLERY: Ms. Williams.

25 MS. WILLIAMS: I have a question on Ms. McCammon's
26 comments. Like I'm sure all of us got some pre-briefing from

1 staff and Catherine Berg recommended against -- endorsed the
2 project though -- recommended against putting it in NVP, and --
3 Catherine, do you want to address why you don't think it ought to
4 be in NVP.

5 (Aside comments)

6 MS. BERG: In talking to the PI because they have a
7 number of -- their work is nearshore, they have a number of
8 species they're working with that does not include necessarily
9 the shorebirds that are used in your project. However, even
10 though they are looking at different species, the PI's have all
11 agreed to sample within certain sites, they've chosen all their
12 sites and they're all using the same sites so that they have the
13 same kind of background data, and none of the sites that were
14 going to be used in the avian mussel project match any of those
15 sites, and it was not going to be easy to incorporate or make it
16 the same -- part of the same project.

17 MS. WILLIAMS: That's why we do support the project but
18 we are --

19 MS. McCAMMON: There may be some difference in view on
20 that.

21 DR. SPIES: Mr. Chairman, we have talked to the
22 investigator about the sites, although originally -- in the
23 original proposal they -- they were not a good match to answer
24 the -- the supplementary questions to the nearshore vertebrate
25 predator project. In fact, the investigator is showing a
26 willingness to change that and they now do in fact have the same

1 sites.

2 MS. BERG: (Inaudible)

3 DR. SPIES: Right, it changed since the original
4 proposal.

5 MS. WILLIAMS: If they've been changed, if they're the
6 same sites, you'd feel comfortable.

7 MS. BERG: (Inaudible)

8 MR. SENNER: I just have to add that the prime and
9 really sole justification for doing this project is the fact that
10 it would strengthen and serve the objective of the nearshore
11 ecosystem project, and if they can't be effectively integrated I
12 would have to counsel against doing 104. I think it's a good
13 project, but I think it's good because of what it does for the
14 NVP project. I think that's the only way it makes sense.

15 MS. WILLIAMS: Cathy, would you try and get a hold of
16 Leslie -- because we won't be voting on this for a little bit.

17 MR. TILLERY: Commissioner Rue.

18 MR. RUE: What's the level of funding we're asking
19 for here. I didn't catch that.

20 MR. WOLFE: 155,000.

21 MR. RUE: For this year?

22 MR. WOLFE: For this year.

23 MR. TILLERY: But you were suggesting -- you were
24 suggesting only partial and defer in part?

25 MR. WOLFE: That was suggested as an alternative way
26 for handling.

1 MR. TILLERY: Is that your suggestion or what is your
2 --

3 MR. WOLFE: You know the funding level is not that
4 high, so I was going to suggest we go ahead and fund the entire
5 project. If it makes people feel better to fund part of it now
6 and then re-evaluate it, then, and fund the balance later -- fine
7 -- but to me it makes sense, if we're going to do the project, to
8 go ahead and fund the project. And -- and when I was briefed, I
9 was told that -- that our principal investigator had integrated
10 with the nearshore predator -- Bob, as you indicated.

11 MR. TILLERY: Other questions or comments?

12 MR. RUE: I guess I would suggest that if we can
13 confirm that it's integrated that we go with the whole thing. If
14 we can't confirm that, then maybe if we defer part of it -- to
15 make sure that it gets integrated.

16 (Aside comments)

17 MR. WOLFE: It sounds like we need to move on to
18 other things until we hear some confirmation.

19 MR. TILLERY: Okay. Let's -- yeah, Mr. Hines?

20 MR. HINES: Yes, Mr. Chairman, Dr. Morris brought to
21 my attention a budgetary matter on Project 96027, and I ask if he
22 could address the Council on that?

23 DR. MORRIS: This is new business in the form of old
24 business. This is actually embarrassing because it's something
25 that slipped through the cracks getting to this point. It's on
26 96027, Kodiak shoreline assessment. In the '95 work plan, NOAA

1 received \$50,000 to do the hydrocarbon chemistry interpretation
2 on samples that DEC collected this summer. We didn't know what
3 the volume of those samples would be, so we haven't been able to
4 do anything with that money yet until the samples are received
5 in. We don't want to lapse it on October -- September 31st (sic),
6 and I guess the request I'm suggesting is authorization to carry
7 that money over into '96 to help process this project. Because
8 the field work wasn't done till this summer, we really weren't
9 sure of the workload involved, and I'm not, frankly, I don't know
10 what the level of it was.

11 MR. PIPER: They just got the samples now. I think
12 they sent them last week.

13 MR. TILLERY: Ms. McCammon, do you have --.

14 MS. MCCAMMON: Just from all of our track, we've had
15 problems with this whole concept of carry-forward, and it really
16 messes up our bookkeeping if we were to do that, and I would just
17 recommend lapsing that money and recommending a new \$50,000 for
18 FY96.

19 MR. TILLERY: Is it appropriate to bring it up in
20 December?

21 MS. MCCAMMON: It sounds like you need the right away
22 if you're doing the analysis now.

23 UNIDENTIFIED VOICE: (Simultaneous talking) ninety
24 days.

25 MS. MCCAMMON: Yeah, so you'd want the money right
26 away.

1 MR. PIPER: If I could make a suggestion then, would
2 there -- the money is in the current, this current year's
3 operating budget for that project. What we can do is just lapse
4 that -- give that money back as unspent, but alter the 207 close-
5 out to reflect the money that the lab needs to do that.

6 MS. MCCAMMON: There would be an additional \$50,000 to
7 NOAA for that.

8 MR. PIPER: So the project would become 60K --
9 \$60,000 total, but for accounting purposes our understanding is
10 that \$50,000 of that is getting turned back into the treasury.

11 MS. MCCAMMON: Right.

12 MR. TILLERY: Mr. Wolfe.

13 MR. WOLFE: Well, the logic in this escapes me.
14 We're not turning money back to the treasury somehow or other and
15 then asking for new money, are we?

16 MS. MCCAMMON: You're not spending money. It's staying
17 in the NRDA -- our account -- and then it would just be offset by
18 future requests.

19 MR. WOLFE: Okay. Okay.

20 MR. TILLERY: (Simultaneous talking) court request.

21 The money's --

22 (Simultaneous talking)

23 MR. WOLFE: That's fine.

24 MS. MCCAMMON: It doesn't go back to the treasury.

25 MR. WOLFE: Well, NRDA -- our account. But it's
26 there, so all you're doing is just updating your books. Okay.

1 That's fine.

2 MR. TILLERY: Are there additional comments on the
3 nearshore?

4 I have one on 96103BAA, anaerobic microbes -- that to me is
5 suggestive -- is an interesting proposal, not likely applicable
6 to this spill because they don't work on oil that's in the
7 ground. Is that -- because we're obviously having a lot problems
8 with persistent oil around Chenega and other places nobody can
9 seem to get a handle on --.

10 DR. SPIES: Well, the idea is to use biotechnology
11 to isolate the bacteria in the forestomachs of whales that
12 apparently can degrade hydrocarbons anaerobically, which is a
13 trick most microbes can't do, but they apparently have found some
14 microbes that are in whale stomachs, and the idea is to try to
15 develop those genes and get them cloned and into a -- into a
16 large production system where you might be able to apply that
17 technology to future oil spills. But the technology probably
18 wouldn't be developed and commercialized in time to be of use
19 here.

20 MR. SENNER: That would be -- we thought this was R
21 and D work that would have a long-term pay-off, probably beyond
22 the -- I won't say our lifetime, but the life of this oil spill
23 program that we're looking at today, and for that reason it
24 wasn't appropriate because we just didn't see the chance for it
25 to pay off for the Exxon Valdez spill.

26 MR. TILLERY: Is that something that you should

1 contact the person and -- you still have money remaining in the
2 DEC research -- fund it, sounds like it is more appropriate.

3 MR. SENNER: Mr. Tillery, we've actually made that
4 suggestion directly to principal investigator and exchanged
5 letters with Mr. Piper and -- I don't know where it will lead,
6 but at least has been initiated.

7 MR. TILLERY: Okay. Okay, is there anything else on
8 the nearshore. Dr. Spies.

9 DR. SPIES: Okay, the next cluster is the
10 seabird/forage fish cluster -- which start on -- which starts on
11 page 30 of the large spreadsheet. (Pause) This cluster
12 addresses the status of seabirds in general. I've already talked
13 a bit about harlequin ducks and pigeon guillemots, which are on
14 the injured species list, and we did cover to some extent the
15 murrelets in this morning's discussion on the injured species
16 list. As far as the other major species of seabird that is still
17 on the list and is of concern and we are actively looking at it
18 are the murre populations. Our latest information on murre
19 populations at the timing of nesting and productivity, which were
20 identified as injuries in terms of delays in the affected
21 colonies after the spill, are now within the normal range that
22 we'd expect for these murres in colonies in the Gulf of Alaska.
23 So, we no longer apparently have an injury in terms of that
24 particular aspect of new biology. However, our general
25 indications are that the overall population of murres has not
26 returned to pre-spill levels, and this would be consistent with

1 some of the projections of ornithologists and experts in the --
2 after the spill in terms of recovery time for murre in the Gulf
3 of Alaska -- the affected colonies. So, I think I'll keep my
4 comments quite short there. The big part of this Mr. Senner will
5 -- the big part of this package, Mr. Senner will address -- the
6 Apex program and that large ecosystem, which is kind of the third
7 arm of the triad in our large ecosystem studies that has just
8 gotten underway this year.

9 MR. SENNER: Okay. The -- the seabird/forage fish
10 cluster, page 30 of your detailed spreadsheets and then page 9 of
11 this abbreviated version. As Dr. Spies mentioned, the largest
12 part of this cluster is, what's called, the Apex predator
13 ecosystem experiment. Most of us here call it the seabird/forage
14 fish project, and we are recommending the approval of some
15 interim funding in August, with the deferral of the large
16 majority of that money until December. And the point of this
17 exercise is to document the distribution species composition and
18 availability of forage fish and then link that to the production
19 of marine birds, black-legged kittiwakes and pigeon guillemots in
20 particular but also some other species. It is an ambitious
21 project and one which was -- the need for which was identified
22 very early on in the oil spill days, but it was not appropriate
23 to address this issue when the damage assessment was going on,
24 but in the vein of restoration looking at whether food resources
25 are limiting the recovery of marine birds is an appropriate
26 question, and given the kind of ecosystem perspective that the

1 Trustee Council has adopted, this may be appropriate to do now.
2 It's being funded in '95 on a pilot basis. They are in the field
3 right now, results are coming in, and this project is going to
4 get a very hard, thorough review at the end of November, after
5 there have been at least preliminary analyses from this field
6 season. We don't know what the ultimate recommendation will be.
7 It is a big piece of money. It's a major new commitment, and we
8 simply have to defer on most of that.

9 The rest of the cluster has two components, monitoring and
10 other -- covering a multitude of sins. And under monitoring,
11 Project '031 is a continuation of work under way in '95 to
12 develop a productivity index as a means to monitor the health of
13 marbled murrelet populations. Productivity index in this case
14 means looking at ratios of young and adult birds out on the
15 water, since you can't really find or easily find very many
16 marbled murrelet nests, you can't go count them in the nest,
17 you've got to find another way to do it. We feel, though, and
18 our recommendation is to close out this work at this time and
19 hold out the possibility of some additional in '96, but basically
20 we think this is a time for the Trustee Council to sort of take a
21 deep breath on marbled murrelets, see what the result has been of
22 several year's worth of work, kind of synthesize that work, and
23 then look at whether some further work in future years is
24 appropriate.

25 Project '144 would begin a new round of three years of
26 monitoring common murre populations at three sites within the oil

1 spill trajectory within the Gulf of Alaska. This would not be
2 Prince William Sound work. We, however, have recommended a
3 deferral of a decision on that until December. It is an instance
4 where a -- this is a monitoring project that perhaps could be put
5 off for a year in the interests of saving money at this time, and
6 also that gives us opportunity to visit the larger questions
7 about how much more funds needs to be invested in monitoring
8 programs.

9 Lastly, in that monitoring cluster is '159, the marine bird
10 surveys. These are the basic boat surveys in Prince William
11 Sound that were last done in 1994 -- March of '94 -- and this
12 would be a -- this is a one year project for another round of
13 those boat surveys, benefitting or targetting several marine
14 birds, as well as sea otters, and we have recommended approval of
15 that one this August.

16 Lastly, just four projects quickly in the seabird/forage
17 fish cluster. Project '038 is a request for \$15,000 to publish
18 results from a seabird restoration symposium which will be held
19 at the end of the month of September in Girdwood. We are
20 recommending deferring a decision 'til we see how that workshop
21 goes and whether it's worth continued investment. Project '021
22 looks at the -- has satellite transmitters in common murre, and
23 that's going on right now, on a pilot basis in the Gulf of
24 Alaska. We'd like to see what the results are from that work,
25 and recommend a decision to you in a context of that larger
26 seabird/forage fish package in December, so we are recommending a

1 deferral on that. '101 is a close-out of previously funded work
2 to remove foxes from islands along the Alaska Peninsula. There's
3 no new field work there, it's just simply wrapping that up and
4 doing the reports. And then lastly, one new project which we're
5 recommending for a single year of funding would look at the
6 status and ecology of Kittlitz's murrelets, and this is a species
7 that you addressed earlier today, and this proposal is -- merits
8 some special note, not only because the Kittlitz's murrelet is
9 probably one of the least known seabirds in the entire world, and
10 so we have an opportunity to learn something about it and
11 identify some restoration objectives, it's also a project that's
12 come in through a private contractor through the BAA process and
13 is an opportunity to demonstrate that this process is open to
14 entities that are not just government agencies, and we think that
15 that's important. So that's the seabird/forage fish cluster.

16 MR. RUE: You raised the question in my mind that
17 relates back to the previous project -- cluster -- the nearshore
18 monitoring, and particularly Project '037, the coastal habitat
19 intertidal monitoring. You raised a very good point. If some of
20 these don't have to be done in any particular time sequence, and
21 you can do a monitoring project in a year or two and you might
22 get as good or better results, and that was certainly true of the
23 coastal intertidal habitat, have you thought about what interval
24 is the most useful interval for different species, different
25 types of habitat, and will that affect when we might see some of
26 the intertidal work.

1 DR. SPIES: We are beginning to address that. We've
2 asked the principal investigators in the last couple of years to
3 please look at their data from a statistical point of view to
4 understand how often one has to monitor in order to detect
5 certain given levels or desirable levels of change in the
6 population, and it becomes a relatively sophisticated statistical
7 analysis that often investigators are finding quite worthwhile.
8 Kathy Frost uncovered some real interesting aspects about
9 (indiscernible) program of harbor seals, for instance, by doing
10 these, what we call, power analysis, and gives us good insights
11 into harlequin duck molting surveys and how often they should be
12 done, and what intervals and I think we're getting more of those
13 done by the investigators now and that helps inform us as to what
14 kind of intervals we might be done. But for intertidal I think
15 we can also generally say that we would like to get it just after
16 it recovered, but it's going to be difficult in terms of the
17 resources we have and the resources to identify when exactly the
18 intertidal habitat has recovered. That's the most important
19 question. But if we have to do it in '96, '97, and '98 or delay
20 it, then have to do it again to say, well, yes, we may have to do
21 it a second time or a third time in order to say, yes, we have
22 recovery, and that gets to be a very expensive proposition, given
23 the past cost of those projects. So we've got a kind of a
24 balancing between the cost of the project and making some
25 determination that recovery is complete. Also factored in there
26 is the fact we may have some natural geographic differences that

1 we -- because we didn't have pre-spill data -- that may be kind
2 of confusing the picture somewhat with some of those resources.

3 MR. RUE: I remember Biology 101, we had to
4 monitor fruit flies every hour to see what was happening.

5 (Laughter)

6 DR. SPIES: It may have been cheaper in fact.

7 MR. RUE: I think it is important as dollars are
8 going down that we look at the most efficient timing of our
9 different monitoring projects, so that, as someone was saying
10 earlier, we've got a lot of good projects here, if we can space
11 these things appropriately, we will save money.

12 MR. SENNER: And there is the policy dimension to
13 your question is, to what end are we conducting the monitoring,
14 what purpose does it lead to, and how much are willing to pay for
15 whatever those purposes are that it leads to.

16 MR. RUE: Yeah.

17 MR. SENNER: And that's a larger discussion that
18 still is in front of us.

19 DR. SPIES: But I think, given a -- finite --
20 expenditure that we can see in the scientific studies, we might
21 want to also consider, and I think we are considering to some
22 extent, the question of how much of that do we want to spend on -
23 - on ecological studies that will give us a longer term payoff,
24 and how much do we really want to devote to saying that it took
25 this long for this resource to recover after the Exxon Valdez
26 spill, and that's another kind of a trade-off thing that's

1 important to think about.

2 MR. RUE: Uh-huh. One of the general observations
3 I might -- I think -- your observation about doing some work in
4 the Gulf of Alaska where we haven't done enough is a good one,
5 and I think we should look at areas that haven't gotten adequate
6 attention. I think though I want to be careful that we not show
7 a bias against certain areas where we've seen good work going on
8 and just because we've spent a lot of money over here, maybe we
9 shouldn't spend any more, that that not color our decision too
10 much either. I mean that sort of cuts two ways.

11 MS. WILLIAMS: I don't think we're in danger of that.

12 (Laughter)

13 MR. RUE: Good -- okay. Maybe not in the Gulf but
14 maybe in some other areas.

15 MR. HINES: Not to revive an earlier conversation
16 today on multi-year projects, but, for example, the
17 seabird/forage fish studies we would take a very hard look at in
18 November. During the peer review process, I take it you've set
19 some pretty rigid standards, some milestones, things along those
20 lines that that project is of short duration. Is that correct?

21 DR. SPIES: I think so, yes. We have definite
22 milestones. I couldn't recite them all to you right now because
23 I don't have that information with me, but we have during the
24 review process set some milestones up for all these ecological,
25 larger ecological evaluations, and we're going to expect a pretty
26 thorough -- a thorough addressing of those milestones in the

1 review process this fall.

2 MR. HINES: To goes back to expectations, you know,
3 once that -- as I've been told -- once that train leaves the
4 station, it's pretty difficult to stop that train when it comes
5 to these multi-year projects, so -- thank you.

6 MR. TILLERY: Further questions or comments. Ms.
7 Williams.

8 MS. WILLIAMS: Well, in light of all the discussion, I
9 will say that, like the harlequin duck study, I strongly support
10 96144 because of its geographic look, I think it is very
11 important to see what's going on in the areas that we have not
12 taken as hard a look as we perhaps would like to, it isn't a lot
13 of money, and I am, again, happy to defer the decision until
14 December, but I am going to make a pre-pitch to the Council that
15 we do fund that in December. I think we will regret ten, twenty
16 years down the line if we don't know more about some of the areas
17 that have gotten lesser attention, and -- and these are small
18 amounts that we're looking at, these out-of-Prince-William-Sound
19 monitoring programs, and I hope we decide to fund them.

20 MR. TILLERY: Anything further?

21 DR. SPIES: The next cluster is the subsistence
22 cluster. My comments will be fairly brief here. I think to the
23 extent that the resources that the subsistence users depend on
24 for harvest have not recovered, that the subsistence hasn't fully
25 recovered either. And there are concerns that the subsistence
26 users have in relation to the contamination of these resources

1 and to the environment that supports these resources that has
2 essentially undermined the confidence of the subsistence users in
3 the -- in the resources. So that's the general concern and basic
4 principle that's driving the -- the efforts in subsistence under
5 this group of projects. I'll turn it over to Sandra Schubert now
6 for her comments on the detailed -- and the projects that compose
7 this cluster.

8 MS. SCHUBERT: The Executive Director's recommendation
9 on subsistence reflect four strategies for restoring subsistence,
10 which is one of the services injured by the oil spill. Those
11 strategies are restoring the injured resources, such as Dr. Spies
12 just mentioned, replacing, enhancing injured resources,
13 facilitating participation of subsistence users in the
14 restoration process, and testing subsistence resources for food
15 safety. And the first of these strategies -- restoring the
16 injured resources for subsistence -- is perhaps the most
17 important of the projects that are working to do that are
18 described in other clusters, such as herring and harbor seals,
19 and so on. One project in this category that isn't described
20 elsewhere is '009D which would survey the distribution of octopus
21 to determine their status, and the recommendation on that project
22 is to defer until after a review of the FY95 effort on that
23 project. FY95 involved evaluating feasibility at survey
24 techniques, and once that's looked at there could be a
25 recommendation in December to fund the actual survey.

26 The second strategy is replacing or enhancing injured

1 resources, and most of the projects that fall under this strategy
2 are efforts to increase the availability of salmon as a
3 replacement resource for communities that rely on subsistence.
4 Project '127, which is Tatitlek coho release, and Project '272,
5 which is Chenega chinook release, would both continue efforts to
6 create new salmon runs near the villages of Chenega and Tatitlek,
7 by releasing smolt in the areas near those two villages. Project
8 '225 is a new project that's recommended for funding, and it's
9 intended to enhance the supply of pink salmon for subsistence use
10 near Port Graham by supporting the rearing of pink salmon fry
11 from the hatchery there. Project '220, the eastern Prince
12 William Sound salmon restoration, and Project '222, which is
13 Chenega salmon restoration, are both new projects that would open
14 up additional salmon spawning and rearing areas through stream
15 improvements. Project '220 is recommended for funding, that's
16 the eastern Prince William Sound project, and it would involve
17 stream surveys as a first step toward installing log structures
18 on select streams on the eastern part of the Sound, and Project
19 '222 is the Chenega project, and that involves a fish pass and a
20 barrier fall in Anderson Creek, and that project is recommended
21 for deferral until December because there are still some
22 technical questions outstanding. The final two projects in this
23 category of replacement resources involve clam populations.
24 Project '131 was begun in '95, and earlier this morning you heard
25 testimony from Patty Brown-Schwalenberg from Chugach Regional
26 Resources Commission. She was addressing this project. This

1 year they have been producing clam seed stock, and there was also
2 and EA -- enviromental assessment -- in the work that -- it was
3 looking at the issue of actually seeding beaches with the clam
4 seed stock. The recommendation on that project is to defer until
5 this fall when the status of this seed stock production can be
6 reviewed and the EA is completed. The other clam project is
7 '212, which would establish a PSP testing program on subsistence
8 beaches in Kodiak in an effort to increase subsistence users'
9 confidence that clams that they're using as replacement resources
10 are safe to eat, and that project's got a deferral recommendation
11 also, again, because of technical questions that Dr. Spies and
12 the project proposer have been working to resolve.

13 The third strategy is to facilitate the participation of
14 subsistence users in the restoration process, and I should
15 mention that (cough) -- excuse me -- all of the projects I just
16 discussed were proposed by local communities and all of them have
17 a significant role for local community members. And then for
18 example the remote release projects would have local residents
19 running the net pen operations, the Anderson Creek fish pass
20 project would call on village residents to provide the waiver
21 during the installation of the fish pass. Under Project 96220,
22 which is the stream surveys in eastern Prince William Sound,
23 student interns from the Native Village of Eyak would be used.
24 In addition, there are four projects that are recommendedc for
25 funding in August that were designed specifically to promote
26 involvement of subsistence users. The first of these is Project

1 '052, community involvement, which would continue a program begun
2 in '95 in which local facilitators are hired in the communities
3 in the spill area to serve as liaisons between the communities
4 and the scientists and between the communities and the Trustee
5 Council. The effort in '96 would differ from this year's effort
6 in two significant ways. The work of the local facilitators in
7 '96 would be coordinated by a Native regional organization rather
8 than by the State Department of Fish & Game, and also there -- a
9 focus of the project in '96 would be the integration of
10 traditional local knowledge with western science. Project '244
11 would facilitate the involvement of subsistence users in harbor
12 seal restoration. The Alaska Native Harbor Seal Commission would
13 set up a system for subsistence hunters to provide biological
14 samples to researchers doing harbor seal work. In addition, Fish
15 & Game would continue the work it began in '94 and '95 to collect
16 traditional knowledge on harbor seals and to put this information
17 into a data base that would then be available to scientists and
18 others. Project '210 is a new project, it's the Prince William
19 Sound Youth Area Watch. It would involve, primarily from Chenega
20 and Tatitlek, in ongoing restoration projects through a
21 cooperative arrangement between the Chugach School District and
22 the Prince William Sound Science Center and some other
23 scientists. Project '214 is a harbor seal documentary that would
24 provide an indigenous hunter's perspective on harbor seal ecology
25 through a documentary.

26 The final strategy is testing subsistence resources for food

1 safety, and this year for the first time in several years there's
2 not a separate project addressing that objective. Rather,
3 Project '052, which is community involvement project would take
4 up that task through the facilitator network -- local facilitator
5 network -- and there's also funding in the '052 budget to replace
6 the sample testing kits and provide for shipping of samples to be
7 tested.

8 I would just conclude by saying that the Public Advisory
9 Group expressed their overall support for the subsistence
10 cluster.

11 MR. TILLERY: Questions, Mr. Hines?

12 MR. HINES: Mr. Chairman, 96210, have the budget
13 reviews -- is that complete, as well as the liability issues?

14 MS. SCHUBERT: Mr. Hines, the budget review is underway
15 and the liability issue has been addressed somewhat. The
16 recommendation, I think, will state -- will continue to be --
17 fund but with the caveat that no funds can be spent on the
18 project until those issues are addressed, and that would be
19 handled through a formal authorization from the Executive
20 Director sometime in the next couple of months, we hope.

21 MS. McCAMMON: Since this requires a contact, there was
22 a thought at first of just deferring it until December, but if
23 you did that and then by the time you got the contract done,
24 basically you've lost the school year, and we thought if
25 recommended funded early on, we could get the project underway
26 sometime this school year.

1 MS. SCHUBERT: So we're working on both the budget and
2 the liability questions and are getting close, I think.

3 MR. TILLERY: On the same project, I don't understand
4 from the description the relationship to subsistence. It seems
5 to talk about research, it talks about bird and mammal
6 observations, pristane mussel analysis, oceanographic testing,
7 fish -- I mean, what's the connection to . . .

8 MS. SCHUBERT: Well --

9 MR. TILLERY: . . . participation --

10 MS. McCAMMON: Well, the relation I think is more the
11 emphasis on young subsistence users being involved in research
12 that affects the subsistence resources that are most important to
13 them. So that's the direct connection to subsistence. I mean,
14 you could also say that this project applies to the entire
15 research . . .

16 MR. TILLERY: It does.

17 MS. McCAMMON: . . . and monitoring . . .

18 MR. TILLERY: It seems to me . . .

19 MS. McCAMMON: . . . program.

20 MR. TILLERY: . . . it's almost like public
21 participation or . . .

22 MS. McCAMMON: The categories aren't exact.

23 (Laughter)

24 MR. RUE: Mr. Chairman.

25 MR. TILLERY: Mr. Rue.

26 MR. RUE: I think Sandra made a good observation

1 earlier that a lot of the projects that help subsistence are
2 really in other areas, you know, herring, pink salmon -- whatever
3 -- sockeye. This is -- this to me is one of those linkage
4 projects where you get sort of people who are using the resource,
5 looking at it from the traditional perspective, involved in the
6 science of what's been going on around the oil spill. I think
7 that kind of thing is great.

8 MR. TILLERY: I agree it's a good project. I was
9 wondering if I was missing something about how it directly
10 affected participation of subsistence, but I -- I see your point.

11 MR. RUE: Well, the other thing -- and I don't
12 mean to stretch at all, but it -- certainly, early on the spill,
13 there was a lot of concern about the use of subsistence
14 resources, people very skeptical about what they were being told
15 by scientists, whether the resource was good or bad. It seems to
16 me that this would build confidence in people -- as subsistence
17 users in the techniques that we rely on, they rely on, to tell
18 them about the health of their resources and the subsistence
19 resource.

20 MR. TILLERY: Mr. Wolfe.

21 MR. WOLFE: This project sounds like it has merit,
22 but if it's good for Tatitlek and Chenega, why isn't it good for
23 all the communities and villages in the oil spill area.

24 MS. MCCAMMON: Mr. Chairman, it's been recommended as a
25 pilot effort . . .

26 MR. WOLFE: Okay.

1 MS. McCAMMON: . . . because it's speculative whether
2 it will work or not, and there's a strong commitment in the
3 Chugach School District to -- after this project is developed --
4 to seek alternative, private financing for it and to take it
5 over. And I think if this were to prove really successful, we
6 may see some other requests for some other seed-type funding, but
7 we're definitely looking at the school district trying to get
8 some alternate funding in the future.

9 MR. TILLERY: Other questions on subsistence.

10 MS. McCAMMON: Mr. Chairman, I guess I'd just like to
11 note one thing that this section, and maybe it's more subsistence
12 community initiated projects, you could probably call it a number
13 of things, but when I first started working for the oil spill
14 process I was invited to a meeting by Patty Brown-Schwalenberg,
15 who was here earlier, and it was a meeting with her board of
16 directors of the Chugach Regional Resources Commission, and they
17 were talking about the oil spill and oil spill funding, and the
18 incredible amount of anger, hostility, and frustration expressed
19 at that meeting over the process, with funding of both the civil
20 and criminal funds, was truly astounding to me. It definitely
21 set me back, and I think what you see in this group of projects,
22 and actually I think throughout the restoration program, is a
23 reflection of a very intensive effort over the last two years to
24 respond to that frustration and work with the communities much
25 more closely, work with the Public Advisory Group and try to
26 respond to some of the issues and concerns that were brought up

1 at that time. The difference in one year between my visit to
2 Tatitlek was amazing, just the difference that one year has made,
3 and I think Subsistence Division has done, what the Department of
4 Fish and Game has done is an incredible job in this effort,
5 supported by Department of Interior and Forest Service and the
6 other agencies. I think the Public Advisory Group has been very
7 helpful with this, and I think actually the Trustee Council can
8 be very proud of the kind of effort that's gone in on this.

9 MR. TILLERY: Comments, Ms. Williams?

10 MS. WILLIAMS: I think this is a very good package, and
11 I'm quite pleased. I thank everyone for the effort that this
12 represents and the (indiscernible) results.

13 MR. TILLERY: I commend the Department of Justice for
14 agreeing to this. (Laughter) I assume they have must. Dr.
15 Spies.

16 DR. SPIES: I'll keep my comments brief on the next
17 package, which is the archaeological package. The spill
18 definitely resulted in the oiling of some archaeological sites,
19 and also the clean-up effort itself, as we all know, resulted in
20 increases of vandalism of some of the sites. I think the good
21 news is here that according to the sources that -- that we have
22 from the archaeologists in the field, that there has been no new
23 vandalism in either '94 or '95 that has been discovered, and so I
24 think that that bodes well for this identified problem --
25 vandalism following the oil spill -- has been headed in the right
26 direction. And as those sites get revegetated and people's

1 memories fade that where these valuable sites are, that we hope
2 that this trend continues to see no vandalism in the oil spill
3 sites. I think the original objective here was to see five years
4 without vandalism and then we would want to reconsider whether we
5 need to continue these programs, and perhaps we need to revisit
6 that particular recovery objective, but that's what's been laid
7 out previously. There's still a little bit of site erosion, but
8 that's a natural phenomenon often associated with aftermath of
9 the '64 earthquake. So, with these brief comments, I'll turn it
10 over to Molly McCammon to discuss the archaeological projects,
11 one by one.

12 MS. MCCAMMON: Mr. Chairman, there are four major
13 strategies for archaeological resources: monitoring, site
14 restoration, site stewardship, and long-range planning. The
15 first effort in monitoring is continuation, as Bob said, of an
16 annual site monitoring program. The idea that DNR has proposed
17 here is that every year seven new sites would be monitored to see
18 if there was any additional vandalism or any manner of
19 degradation. If there were to be any, I'm sure they would be
20 coming forth with some form of site restoration -- a site
21 restoration proposal as a result of that.

22 The second strategy is to complete the site restoration in
23 96007B. This is the final restoration of two sites that were
24 injured during the cleanup phase of the oil spill.

25 The third program -- strategy -- is a new program for site
26 stewardship programs in Kachemak Bay, two areas of Kodiak Island

1 and near Chignik. It's a three year project, with the caveat
2 that after that time private funding would be sought to take this
3 over. So this effort is basically a seed effort to get local
4 people involved in monitoring archaeological sites within their
5 neighborhood. There was some, I think, reluctance in some sense
6 to get started on something that may end up being a much more
7 expansive, longer-term, expensive effort, but this is so -- has
8 such strong community support and is very low cost that we
9 thought it was worth supporting at this time.

10 And the last strategy is for long-range planning. There
11 were a number of projects that were submitted for multiple
12 millions of dollars for archaeological repositories, training,
13 site stewardship and other efforts with the spill area,
14 especially within the Prince William Sound and Lower Kenai
15 Peninsula area, the area outside of Kodiak Island. This revised
16 project description now calls for a comprehensive planning effort
17 for the Prince William Sound-Lower Kenai communities to determine
18 the need for protection of archaeological resources that were
19 discovered during the spill and to develop a comprehensive plan
20 for what to do with those efforts. This effort has been -- has
21 evolved very closely with communities, with the agencies that are
22 most affected, and with all of the attorneys involved. And
23 that's pretty much the program for archaeological resources.

24 MR. TILLERY: Questions and comments? I would have
25 one comment with regard to the community plans. It's a Forest
26 Service project, which is appropriate given the interest the

1 villages in the Prince William Sound area, but I also note that
2 there are -- that the second component of it really is the Lower
3 Cook Inlet where there is not a large Forest Service presence. I
4 understand that DNR is intending to be involved in this, and I
5 would hope that the staff would make sure that there is a fairly
6 strong state involvement in developing this comprehensive plan.

7 MS. MCCAMMON: Mr. Chairman, there is a strong state
8 involved. In addition, the Park Service is also involved, so
9 it's definitely a cooperative effort.

10 MR. TILLERY: Any additional comments?

11 MS. MCCAMMON: I would actually like to give credit to
12 Veronica Chrisman who spend an enormous amount of time working on
13 this project description and getting everyone to agree to it. I
14 think she's done an incredible job, and Barry Roth also in
15 reviewing it and getting all the final details hammered out.
16 This probably reflects at least three weeks of full-time work.

17 MR. TILLERY: I want to agree with you because I
18 didn't think anybody could come up with a program that made sense
19 for archaeology, and this one does when I went through it. It did
20 sort of make sense -- like there was a place we were headed. I
21 didn't think that was possible a year ago. I think Veronica did
22 a great job.

23 Reducing marine pollution?

24 MS. MCCAMMON: I'll do that one too. Reducing marine
25 pollution is actually a fairly simple area. The Council has been
26 funding over the last two year a project through the Department

1 of Environmental Conservation for a Sound waste management plan,
2 and this is working with the local communities of Prince William
3 Sound to develop a comprehensive effort to identify and remove
4 the major sources of marine pollution and solid waste into Prince
5 William Sound that maybe impeding recovery. This contract is in
6 its final stages of completion, a final report is expected this
7 winter. I would expect that following that report there will be
8 some recommendations. They are looking at a number of items,
9 many of them have no cost, many of them have a low cost, others
10 have a high cost, but they are also very focused on multiple
11 sources of funding, long-term efforts, that I would expect that
12 at some point next year we will probably see some results of this
13 in the form of further project proposals.

14 MR. TILLERY: Any questions or comments? Okay.
15 Habitat improvement?

16 MS. MCCAMMON: The final, major cluster in the
17 research, monitoring and general restoration program, and what we
18 did in this work plan that was different in prior work plans was
19 to take out costs for habitat acquisition and to track those
20 costs separately and include that as part of the overall habitat
21 protection/acquisition effort. And so what you see here as just
22 projects that focus specifically on restoration of habitat.
23 There are two major projects that we're recommending some future
24 action on. The first is 96058, which is the landowner assistance
25 project that began last year. This is a proposal to continue a
26 project that began late. Use of those funds last year was

1 contingent on a report identifying landowner interest in these
2 efforts. That report landed on my desk last week, and until I
3 think that can be reviewed and we can have some further
4 discussion on that, I would recommend that it be deferred until
5 December.

6 96180, Kenai habitat restoration, this is a multi-year
7 project that would aid habitat restoration for the benefit of
8 sockeye salmon and other fish species. There were some questions
9 that were raised earlier about how this project coordinates and
10 fits in with other sources of funding for Kenai restoration, and
11 I do have some additional information on that if anyone would
12 like that. We did work very closely with the Department of
13 Natural Resources and Fish & Game to reduce the cost of this
14 project for this year, and they did in with a reduced budget. It
15 also now is being coordinated and has the involvement of Fish &
16 Wildlife Service, who is the land manager for the Kenai Refuge,
17 and has, I think, represents a very well integrated actual
18 effort. Those those are the only projects that are still under
19 consideration in this cluster.

20 MR. TILLERY: Is there comment about the habitat
21 improvements?

22 MR. RUE: Yeah, obviously, I'm very interested in the
23 Kenai River. It is one of the most important rivers in the state
24 really, when you look at people's use, the value of the
25 resources, and that's why, you know, I spoke about the sockeye
26 project earlier, and this one as well -- and I think this is a

1 good match with the other work that's going on on the Kenai, the
2 acquisition work, some of the demonstration projects that we're
3 doing under the criminal settlement monies for private
4 landowners, that kind of thing. This is sort of a public
5 landowner getting its house in order, which I think has large
6 benefits. I think it's one of the reasons Mayor Gilman supports
7 it, I think it may even have the benefit of helping the local
8 government down there begin doing land use regulations, which in
9 the long-term are one of the most important ingredients -- and
10 everyone's laughing about that -- to protecting the river and the
11 resources. So, to me it's more than it appears to be, because I
12 think it will help in that whole dialogue of what are we doing
13 for the whole river, are the public land managers doing their
14 part, what should private landowners do, as well as fitting in
15 with all the things we've done with purchases and demonstration
16 projects, that kind of thing, and management of the river. And
17 then when Jim and I figure out our beetle problem, the Kenai will
18 be okay.

19 (Laughter)

20 MR. TILLERY: Additional comments? I would like to
21 echo (indiscernible). I think it's a very important project, and
22 it works well with what we're doing with some of the criminal
23 money and it works well with some of the projects that are coming
24 from separate funding from Congress -- it will fit in.

25 Where do we go now?

26 MS. MCCAMMON: There were only two other clusters that

1 we have project proposals, and both of those are recommended as
2 do-not-fund. One is under information support, Prince William
3 Sound information service, which is already integrated into the
4 administration and public information budget, and then under
5 research facilities there was a proposal for an extension of the
6 Prince William Sound Science Center, and the recommendation on
7 that is do not fund since they have already obtained alternate
8 funding for their (indiscernible) money. So that basically
9 concludes the overall presentation of research, monitoring, and
10 general restoration programs.

11 MR. TILLERY: Before we move on to the
12 administration's -- where are we now?

13 MS. MCCAMMON: I think it would be appropriate at this
14 time to either take a break or take action.

15 (Laughter)

16 MR. WOLFE: Before we do that, a couple of things.
17 One, I was disappointed that we didn't give NOAA funding to
18 expand the Prince William Sound. (Laughter) I was interested in
19 reading the project proposal on this, and I was disappointed we
20 didn't go further. (Laughter and aside comments) Secondly, after
21 finding out that additional information on the blue mussel
22 predation by birds, well, we've decided that maybe we should
23 defer the project until we get better integration with the '025.
24 So, we'll -- we'll defer that.

25 MR. TILLERY: So, shall we take a break for five or
26 ten minutes, or do you want to -- ah, yes.

1 MR. RUE: If we don't take a break, we'll be
2 voting on this package now -- or?

3 MR. TILLERY: Well, what is the will of the Council?
4 We can do them all or we can go ahead and vote on this as a unit.
5 This is a kind of a votable block. It makes sense. So, perhaps
6 we should go ahead and finish with this one?

7 MR. RUE: But I make a motion that we include the
8 package as amended during the review. Do you want a more
9 comprehensive motion than that?

10 MR. TILLERY: I think we need to set out the
11 amendments and exactly what we're -- I've got five packages here
12 -- things here that describe these. Which one are we approving?

13 MR. RUE: I'm working off the legal sheet.

14 MR. TILLERY: This guy? (Holding up legal size
15 project description package recap).

16 MR. RUE: Then there was a written eight and a
17 half by eleven suggestion from Ms. McCammon about changes that
18 she had made -- that right there -- and then I think we made a
19 couple as we went along. I know I suggested some language on the
20 sockeye projects, I think we just did a deferral, Jim just agreed
21 to defer one --.

22 MS. MCCAMMON: That's already . . .

23 MR. RUE: That's already deferred -- okay.

24 MS. MCCAMMON: . . . deferred. There's those changes,
25 and then there's the \$50,000 to the 027 project.

26 MR. RUE: Right. So I could put -- I've got a

1 motion here that I can read for you, if you'd like. It's been
2 handed to me by some mystery person. What have I set myself up
3 for -- happens when you open your mouth before you -- Yes, I
4 move the Trustee Council adopt the recommendations for FY '96
5 projects as outlined in the spreadsheets of August 15, including
6 the conditions outlined on a memo August 15, making the changes
7 reflected on page 12 of today's handout and with the following
8 additional conditions. If the principal investigator has an
9 overdue report from a previous year, no funds may be expended on
10 a project involving that principal investigator until the report
11 is submitted or a schedule for submission is approved by the
12 Executive Director. And, finally, I also move the Trustee
13 Council approve \$589,100 for FY '97 report writing costs
14 associated with FY '96 field work for the following SEA program
15 projects, 96320 -- 320I, J, M, N and Y. These costs will be
16 considered as part of the FY '97 work plan.

17 MR. TILLERY: Does that get us the \$50,000?

18 MS. McCAMMON: No.

19 MR. TILLERY: Do you have additional language you'd
20 like to add to -- for the -- to add \$50,000 ...

21 MR. RUE: No, I don't. I could amend the motion.

22 MR. TILLERY: Amend the motion to add \$50,000 to
23 96027.

24 MR. RUE: (Indiscernible - simultaneous talking
25 and laughter) Yeah, I'd like to add that language to the motion.

26 MR. TILLERY: Does that take care of everything that's

1 ...

2 MS. McCAMMON: And make the changes in the language on
3 sockeye.

4 MR. RUE: Correct. And, make the changes in the
5 language in sockeye, showing that this is interim for FY '95
6 close-out.

7 MS. McCAMMON: Correct.

8 MR. WOLFE: The language on the \$50,000 Phase I
9 close out?

10 MR. TILLERY: That \$50,000 be added to the amounts on
11 a spreadsheet for 96027.

12 MS. McCAMMON: For sample analysis.

13 MR. TILLERY: For sample analysis.

14 MR. McCAMMON: I believe that's it.

15 MS. WILLIAMS: And so, we are by this motion, maybe it
16 could be part of this motion to approve any expenditure of
17 \$50,789,000.30.

18 MS. McCAMMON: Plus \$50,000.

19 MS. WILLIAMS: I added that.

20 MS. McCAMMON: Yes.

21 MS. WILLIAMS: Good.

22 MR. TILLERY: Do we have a second?

23 MS. WILLIAMS: Second.

24 MR. TILLERY: Is there discussion?

25 MS. WILLIAMS: Well, (indiscernible) I just wanted to
26 commend staff, as always an extraordinary in presenting

1 materials. I really must say in all of my work in my position, I
2 look forward to the presentation of these materials more than
3 anything else I get because I can count on them being readable,
4 accurate, well organized, generally interesting (laughter), and
5 informative, and it really -- this is a stunning amount of work
6 that goes into this meeting and goes into approval of spending
7 \$13,789,000.30, and I just commend you. You make our job easy by
8 all the work -- again, I want to explicitly thank the PAG for
9 their careful consideration of this, staff work, Molly, Eric and
10 -- thank you. I am very pleased to vote in favor of the package.

11 MR. TILLERY: Commissioner.

12 MR. PIPER: Since the Department of Interior is
13 handing out kudos, I -- I really do feel compelled to say that if
14 somebody has been involved in the process since that day in
15 March, and having watched the restoration organization struggle
16 through some formative periods and everything else, I think Molly
17 and the group here has really done something creative about
18 showing how government really can work well, and they deserve a
19 lot of credit for putting that out -- putting this program out.

20 MR. TILLERY: Commissioner Rue.

21 MR. RUE: I would that say that that --
22 (indiscernible) the staff now. Right from the summary kind of
23 sheet that let us follow along, and also put things in concepts,
24 that really helps, and I think the PAG members also agree with
25 you that -- we agree that maybe this is a good way to look at
26 this thing. I'd also -- I mean, having worked in things like

1 this I -- this is an incredible amount of work, and I know from
2 my staff they appreciate, I think, the attitude of Molly and her
3 staff in trying to come up with a package that makes sense. I'd
4 also like to give Stan Senner and Dr. Spies some kudos here as
5 well. I really appreciate your oversight and the credibility you
6 bring to the process, and I'm looking forward to December.
7 (Laughter) So, I think that -- I believe we'll get a fair
8 hearing. I think anyone who brings a project to the table will
9 get a fair hearing, if we're not -- and I think that's critical,
10 and I think you brought a lot of credibility to the program. I
11 would just add that to the other kudos.

12 MR. TILLERY: Ms. Williams.

13 MS. WILLIAMS: And, that's the only other thing I'd
14 like to add is I realized when I finished my thank you list, I
15 neglected to add Bob and Stan, and thank you so much for your
16 overview, and we now, though, present Bob and Stan, and staff and
17 PAG with a very formable task and that is to take the deferred
18 list and reduce it by about four million dollars, and because I
19 think we're all committed to not spending much more than \$18
20 million when it's all tallied up, and so -- keeping in mind
21 geographic distribution coming in, \$4 million less on the
22 deferred projects will be a challenge, but I'm voting for the
23 \$13.7 today in the anticipation that you'll be able to do that
24 for us.

25 MR. TILLERY: Anyone else wish to comment.

26 MR. MCCAMMON: I -- just one more comment.

1 MR. TILLERY: Ms. McCammon.

2 MS. McCAMMON: I just want to make sure that the people
3 who are responsible for setting all this out and designing it and
4 really making it understandable to mom, which is kind of our
5 going thing in the office, Bob Loeffler and Sandra Schubert, and
6 if I can only keep Jim Ayers from trying to steal them away from
7 us, then we'll continue to do as good a work.

8 MR. TILLERY: Well, on the motion, the way Frank
9 described it, all in favor?

10 ALL TRUSTEE COUNCIL MEMBERS: Aye.

11 MR. TILLERY: Opposed? (No response) The motion is
12 carried. The marketing research and general restoration projects
13 portion is done. Shall we take a ten minute break before we
14 spend \$12 million more dollars? \$15 million more dollars.

15 (Off Record 2:52 p.m.)

16 (On Record 3:05 p.m.)

17 MR. TILLERY: Before we start again, were there any
18 additional comments on the business we just undertook. Mr.
19 Wolfe.

20 MR. WOLFE: Mr. Chairman. After further discussions
21 on the mussel predation project that was discussed earlier when
22 we were talking about it being integrated with the nearshore
23 predator project, there's still some confusion, but I think we're
24 very close to having the coordination or integration desired and
25 we've asked the principals involved to get together with Dr.
26 Spies and Stan and see if we can't work out and integrate the

1 project proposals prior to the next Trustee Council meeting, and
2 if it's the wishes of the Trustee Council, maybe we can go ahead
3 and address the funding for that project at the September 25th
4 Trustee Council meeting.

5 MR. TILLERY: And that's in sufficient time to do the
6 work?

7 MR. WOLFE: This -- in November, starting in
8 November, starting in November, that's correct.

9 MR. TILLERY: Okay.

10 UNIDENTIFIED VOICE: Which project?

11 MR. TILLERY: This is the -- we're revisiting blue
12 mussels one more time, and the proposal would be that that
13 integration may be accomplished earlier than expected and perhaps
14 we can revisit it in September. Okay. The next item on the
15 agenda is administration, science management and public
16 information.

17 MS. McCAMMON: Mr. Chairman, this budget has actually
18 had some evolution, as most of these budgets have. Two years
19 ago, we separated into a separate project the Oil Spill Public
20 Information Center and kind of information efforts, but when we
21 started to using them -- referring to them in clusters and how we
22 referred to them in the overall package, it still all got lumped
23 in with the administration budget, so for purposes of tracking we
24 just merged them back in to the project 96100, which is the
25 administration, public information and science management. In FY
26 '95 this budget was a total of approximately \$5.4-\$5.6 million.

1 Last year we reduced it to \$4.2 million, and this year what I
2 have proposed is \$3.4 million. I would expect next year we'll be
3 going down even further, we'll be on the same downward trajectory
4 that the work plan follows. And, what it reflects is
5 approximately a 20 percent reduction from last year's budget.
6 The major reduction being in the Chief Scientist's contract which
7 is reduced, travel which is reduced, the support -- the
8 restoration work force has gone down approximately \$50,000 in
9 each agency. We have a better tracking of our travel costs
10 within the office section reduced, and our overall office
11 expenses. And, there is one change to the spreadsheet that you
12 see and that is, there is an addition \$15.5 million -- thousand
13 dollars -- \$15.5 thousand to the Department of Interior
14 restoration work force portion, which brings that total to
15 \$120,000 total, and then the total of the overall budget goes up
16 to \$439.6 -- \$3,439,600. This reflects the cost of the Trustee
17 Council of meetings of the Public Advisory Group, of the Chief
18 Scientist contract, the peer review contract, the restoration
19 office here, a small office in Juneau, and the staff that work
20 out of this office. And, I'd be happy to answer any questions
21 about it.

22 MR. TILLERY: Are there questions? (No response) If
23 there are no questions, is there a motion?

24 MS. WILLIAMS: So moved.

25 MR. RUE: Second.

26 MR. TILLERY: Is there any discussion about this? Mr.

1 Wolfe.

2 MR. WOLFE: All the discussion I have is to clarify
3 the -- the final number.

4 MS. McCAMMON: 3439.6.

5 MR. WOLFE: That was adding \$15,000 to the ...

6 MS. McCAMMON: \$15.5 to Department of Interior.

7 MR. WOLFE: Okay, thank you.

8 MR. RUE: I have a question.

9 MR. TILLERY: Mr. Rue.

10 MR. RUE: Do we have a way to track public
11 increase at OSPIC through the Internet and other inquiries?

12 MS. McCAMMON: Mr. Chairman, they track all of the
13 phone calls that come to OSPIC, all of the visits, all of the
14 requests. It's my understanding all of the direct requests
15 through the Internet they can track. What they don't have --
16 it's my understanding, what they don't have is the capability of
17 tracking is how many people look at the world-wide web page that
18 actually searches. But, it's my understanding there is some kind
19 of system that will be giving us that, and maybe Carrie Holba
20 could answer that question directly.

21 MS. CARRIE HOLBA: Okay, we hope to have that software
22 in place when the web server comes on line in the near future.
23 It will be within the next couple of months.

24 MR. RUE: Yeah, but you should be get -- or maybe
25 you're already get and I just don't see them, sort of an
26 accounting of how many people are still interested in information

1 on the oil spill.

2 MS. McCAMMON: I'd be happy to provide that to you.
3 Actually, this ties in with where we're going in terms of
4 planning for the future of OSPIC, and with the idea that
5 somewhere down the road the functions are going to be divided up
6 and taken on by other entities, so I'd be happy to provide that.

7 MR. TILLERY: I appreciate the fact that this -- the
8 administration portion has been made substantially easier to
9 understand than it has been in past years, and I also appreciate
10 your willingness to sit down and go through some of the questions
11 I had prior to this meeting, I think, at least it makes me feel
12 more at ease with -- with the information that's on the
13 spreadsheets. If there are no further comments, all in favor of
14 this portion of the budget, or the work plan.

15 ALL TRUSTEE COUNSEL MEMBERS: Aye.

16 MR. TILLERY: Opposed? (No response) That portion is
17 passed. The next item on the agenda is the Restoration Reserve.

18 MS. McCAMMON: Oh, the Restoration Reserve, it's
19 project 96424. It would -- it calls for the third -- it would
20 represent the third payment towards the Exxon Valdez Restoration
21 Reserve fund. Based on previous action of the Trustee Council,
22 the total principal after this deposit would be \$36 million. The
23 only issue that this raises that I hadn't thought about until Mr.
24 Tillery brought it up yesterday was, in terms of investment
25 strategy for this next \$12 million and whether it's -- and what I
26 would recommend is that we work in the next week to get a hold of

1 the Department of Revenue and consult with them as to what's the
2 best investment strategy, unless you've done so in the last few
3 hours.

4 MR. TILLERY: If I could clarify this. The problem we
5 have is we have invested the first \$24 million into -- are
6 investing it into essentially six zero coupon bonds of \$4 million
7 each, which will be mature sequentially in '97, '98, '99 through
8 2002. With the next \$12 million there's several options, we can
9 take two million dollars and similarly invest in essentially
10 identical zero coupon bonds that would mature in those same
11 dates. We could add one million dollars to each of those dates,
12 and then, say, add six million dollars to mature in 2003. I
13 spoke with Bob Storr, the Chief Investment Officer for the State
14 of Alaska, as a financial matter he believes that this strategy
15 of investing in these zero coupon bonds would probably continue
16 to best fit what we are doing, would be a conservative
17 investment, balancing sort of our needs with maximizing our
18 interest, in light of our limitations on what we -- what we can
19 invest in. Of those -- money -- there are obviously other
20 permutation one can invest six million maturing in 2003, six
21 million maturing in 2004. My own view is that what we need to do
22 -- we're going to need this money starting in 2002, or 2003
23 actually. My own view is that we should probably follow the same
24 investment strategy investing two million dollars in each year
25 from -- to mature each year 1997 through 2002, and as we get --
26 in fact in about -- once those investments start maturing in

1 1997, then i think we start -- we need to start focusing more on
2 a policy that will provide a level of return for the next few
3 years. But, by investing in this sort of six year span, and I'm
4 told that five to seven years is probably an appropriate span in
5 there, six years is probably a good one, it -- it keeps things
6 fairly tight, and by investing in this span, we are not making
7 any investments that would mature after the time we anticipate
8 needing the money. We are free in the future as things become
9 clearer a year or two down the road as to -- as to what our needs
10 are going to be. We're going to be able to commit to change
11 these investments because all of them will mature before we need
12 them. My -- there are several options as to how we can handle
13 this. One would be to -- we could defer this as long as anybody
14 wants to do any further study on it, one would be to simply go
15 ahead and improve an investment strategy, somewhere in that --
16 the first \$24 million. We could do it over -- over that same
17 period of time. We could wait -- a week -- it's just a question
18 of the Council's comfort level at this point. We can arrange for
19 Mr. Storr to be present at a future meeting if people felt that
20 that was useful. He certainly recommends that by next year, they
21 should probably be brought into this again for another kind of
22 top to bottom review of investment strategy. So, I guess, I
23 would say, that's what I know about it, and if there's some
24 discussion or some sense of the Council as to what it wishes --
25 Ms. Williams.

26 MS. WILLIAMS: Mr. Chairman. I remember when we first

1 made the motion about the \$12 million and put that aside and then
2 we can talk about investment, there's one other thing I need to
3 talk about.

4 MR. TILLERY: Okay, then the only reason the
5 investment strategy needs to be brought up is that that's part of
6 what we have to supply to the court as a Trustee Council
7 resolution as to how we want this invested, so -- but, if you'd
8 like to break it up into two portions -- is there a motion? Yes.

9 MS. WILLIAMS: I would move, Mr. Chairman, that the
10 Trustee Council place \$12 million into the restoration reserve.

11 MR. WOLFE: Second.

12 MR. TILLERY: Is there any further discussion on that
13 portion, Mr. Wolfe?

14 MR. WOLFE: Just for clarification, if we came to
15 the meeting in December, whenever we deal with the deferred
16 projects, and we decide that we need another half million
17 dollars, do we have money in the NRDA -- in our account or in the
18 court that we could draw and to cover that extra?

19 MR. TILLERY: Okay. Is there further discussion on
20 the motion? Is there anyone opposed to the motion? (No
21 response) The motion carries. Is there a further motion or
22 discussion on how to invest this money? Mr. Hines.

23 MR. HINES: Mr. Chairman, how soon do we need to
24 make that decision. Can you inform the Trustees by
25 teleconference?.

26 MR. TILLERY: No -- well, I think we have the

1 information now. I mean, we have -- I have the recommendation
2 from the Chief Investment Officers, which essentially can outline
3 that -- that from a financial aspect, any of these alternatives I
4 laid out would probably work. My ...

5 MS. WILLIAMS: (Indiscernible -- out of range of
6 microphone).

7 MR. TILLERY: Well, the one that I would propose is
8 that we simply take -- divide the \$12 million into two million
9 dollar pots, mirror the investments we are doing to the \$24
10 million, have them come due the same time in '97, '98, '99, 2000,
11 2001, 2002. Another alternative, if you want to lengthen that
12 spread of six years, after seven years, would be to add, say, a
13 million to each year, and then put the six million to mature in
14 2003. Or, one could add six million to mature in 2003, six
15 million to mature in 2004. You can extend this out as far as you
16 want to. Again, my own view is that, I don't see any reason to
17 go beyond the time where we anticipate needing the money. I
18 think we should turn it over before then, and as we get closer to
19 that time, we're going to have a much better sense of what we
20 need to do with that money, and how to provide for sort of a
21 level return in -- sort of a smooth transition.

22 MS. WILLIAMS: Mr. Chairman, before, of course, we
23 talked about restoration reserves and what we would be looking at
24 as strategy. One question I have, and the Council may have
25 discussed this before I came on board, is whether -- what we see
26 is the structure of the Council being -- "2002" -- whether, for

1 example, as a legal matter, we believe that we have to treat the
2 restoration reserve money under court order in the same way, or
3 whether we believe that by this entity putting it in the
4 restoration reserve then sort of freeze it up, and what the
5 structure is in 2002+ is not determined. Have we looked at that
6 as a legal matter and whether close to 2002 we believe we're
7 still under the court order, or that money is still under the
8 court order, or not, and whether there has to unanimity with the
9 state, feds and the other prerequisites of the court order etc.

10 MR. TILLERY: The views of the Department of Law are
11 that, we are -- we would still be under the terms of the court
12 order, all the requirements would apply, the Council would need
13 to stay in existence, and have ultimate authority to determine
14 the expenditure of the funds. That could be changed, but the
15 court order would have to be changed, and I believe the
16 Department of Justice holds similar views, and the Department of
17 Justice is nodding yes.

18 MS. WILLIAMS: All right. I nonetheless agree with
19 your analysis of -- Mr. Chairman, that -- I would like the money
20 not become due after 2002. I think it should be structured so
21 that, you know, as we get closer with '97, '98, '99, we can look
22 at what to do, but at this point I'm not prepared to make a
23 commitment to have the money mature past 2002. So, the six year
24 strategy is what that would be.

25 MR. WOLFE: Mr. Chairman, the only point I would
26 make is similar to Deborah's, is somehow we have to be in a

1 position to be able to pull the money out in some annualized
2 basis in whatever strategy we go with, and I guess what you're
3 proposing, or what they're proposing, the investment strategist
4 is proposing, would provide for that, but it's not clear to me
5 how it would work in a smooth basis if your -- if your bonds are
6 coming -- on maturing on an annual basis.

7 MR. TILLERY: Right, and that's why we're talking
8 about maturing these prior to the time when we start needing
9 them. The reason we're having the bonds mature at these
10 staggered rates, as I understand it, is to -- by some formula it
11 keeps your liquidity while spreading your risk, and so forth.

12 UNKNOWN: You know, is the previous \$24 million is
13 invested similarly?

14 MR. TILLERY: Yes.

15 UNKNOWN: So, we'll have six million dollars worth of -
16 - of these investments maturing in '97, '98 and so.

17 MR. TILLERY: Under that proposal that would be the
18 net result.

19 MS. MCCAMMON: Mr. Chairman, the only advantage of
20 doing it -- of having them mature later would be over a longer
21 term you'd gain a little bit better interest rate, is that right?

22 MR. TILLERY: You do, although at some point by
23 extending the time you run some risk ...

24 MS. MCCAMMON: That interest breaks down.

25 MR. TILLERY: ... will change or will go up, and you
26 won't be able to cash them. Mr. Roth.

1 MR. BARRY ROTH: Yes, Mr. Chairman, a couple of
2 things. First, on Mr. Wolfe's point, these investments, although
3 they mature a certain date, are easily breakable, and the money
4 can be pulled out at any time, which is one of the requirements.
5 So, in your point of concern -- the other is on -- in terms of
6 the interest rates, the spread between the interest rate in a
7 five or six year period on the zero coupons is so small that
8 there is no real big earnings advantage built in, and -- but I
9 think the reason why the investment advisors set at these
10 increments was because balancing the risk of having interest
11 rates will fluctuate, and, of course, on maturing, because we're
12 investing two million now on zero coupon basis, you're going to
13 get more than two million back out of each of those investments.
14 At the time you're going to get six years of accrued interests on
15 top of it.

16 MR. TILLERY: That is the plan -- she made that point,
17 that -- you do run a risk that if you had to break one of these,
18 depending on where interest rates are at the moment, that value
19 is either higher or lower, but they are, I mean, they're very
20 liquid -- they are liquid. In fact, we will be buying them on a
21 secondary market. We're not buying them on -- from treasury.

22 UNKNOWN: I move we accept the six year strategy
23 as outlined by Mr. Tillery.

24 MR. TILLERY: Is there further discussion on the
25 point? All in favor?

26 ALL TRUSTEE COUNCIL MEMBERS: Aye.

1 MR. TILLERY: Opposed. (No response) The motion is
2 carried. And that moves us to habitat acquisition support on the
3 agenda. I think Mr. Rue is actually very interested in this, so
4 I would prefer we not take this up while he is absent. Is there
5 other business that -- that's going to come before the Council?
6 Well, why don't we take just a brief recess until Commissioner
7 Rue returns, but be prepared to start up as soon as he returns.
8 There are people who want to catch airplanes out of here. Let's
9 stand at ease.

10 (Off Record 3:30 p.m.)

11 (On Record 3:42 p.m.)

12 MR. TILLERY: The Trustee Council meeting is back in
13 session. I believe we were going to take up the habitat
14 acquisition support portion of the FY '96 work plan.

15 MS. McCAMMON: Mr. Chairman, this project is 96126, the
16 total request for FY '96 is \$1,193,000. This is a continuation
17 of the work that was begun for the large parcel and the small
18 parcel acquisition and protection process, which includes work
19 for negotiations, appraisals, title searches, hazardous materials
20 surveys, and other efforts necessary for the Trustee Council to
21 achieve its acquisition objectives.

22 MR. TILLERY: Are there questions? Commissioner Rue.

23 MR. RUE: Yes, thank you, Mr. Chairman. I sort of
24 raised the question earlier today, and so, I guess I will throw
25 something on the table for the Council's consideration. We've
26 been trying to give incentives to people, as I've -- as we've

1 approved budgets here, or deferred them, or asked them to have
2 reports written before they spend money, or have reports --
3 schedules agreed to with the Executive Director, sort of an
4 incentive to make sure we're doing the best we can to be
5 efficient and do the best job possible. In this case, I'm
6 concerned, and as I raised -- as I suggested earlier that we look
7 at how we're doing appraisals, how we're sort of setting goals
8 for -- or setting aside pots of money for particular
9 acquisitions, that whole issue which I think I heard the Council
10 agree, could be the subject of a work shop -- more thorough
11 analysis, and do we need -- do we need to change the way we're
12 doing business in this area. I guess as a suggestion, I would --
13 to give some incentive to the staff group that's going to be
14 putting together some suggestions for us, that we might want to
15 defer some of this -- some of the money supporting habitat
16 acquisition which I am a very strong proponent of by the way,
17 this is one of the most essential things we do, but to give
18 people an incentive for that in September work shop that we are
19 going to hold, maybe defer some of the funding pending our re-
20 look at how we're doing on this, should we change how we're doing
21 appraisals, or supporting acquisitions. That would be the only
22 thing I would add to the discussion we had earlier today, because
23 I think we did agree that we were going to have people from each
24 of the agencies to deal with this issue get together and be ready
25 for a September work shop. So, I would throw on the table for
26 people's consideration the idea that we defer some of this

1 funding, say half of it, until we've had that -- an opportunity
2 to re-look at it, make sure we're happy with the way it's going,
3 and then approve it in December. If that doesn't throw too many
4 monkey wrenches in ongoing work.

5 MR. TILLERY: Mr. Hines.

6 MR. HINES: Mr. Chairman, that was one of the points
7 I was going to raise that -- how will that affect the ongoing
8 negotiations if we were to only partially approve some of this
9 funding? Would it affect our negotiations at all, if you don't
10 get the full amount, the \$1.1 million.

11 MR. WOLFE: I'm not sure -- Molly gets the question.

12 MS. McCAMMON: Well, Mr. Chairman, the total amount
13 requested in this budget, and in all honesty this budget is a
14 guesstimate based on a lot of unknowns that are still in the
15 works, so whether this is the end -- that will be all, or whether
16 we need half this amount or, you know, twice this amount is still
17 unknown, although I think it's -- it's an educated guesstimate.
18 The total requested is \$1,193,000. If we were to look at this --
19 there are three major -- there are five agencies that have
20 funding in this. Two of them, Fish & Game receives \$20,000, I
21 don't think that's worth dividing half and half. Park Service
22 receives \$16.2 thousand, I don't think that's worth dividing half
23 and half. Department of Natural Resources is slated to receive
24 \$394.6 thousand. The Forest Service has \$311.9, and Fish &
25 Wildlife Service has \$450.3. If we were to do -- take those
26 budgets and do half of each until December, what you would end up

1 with is \$197,000 for DNR, \$156,000 for the Forest Service and
2 \$225,000 for Fish & Wildlife Service.

3 MR. TILLERY: Questions?

4 MR. WOLFE: Mr. Chair.

5 MR. TILLERY: Mr. Wolfe.

6 MR. WOLFE: Does this affect the contract monies for
7 the appraisal work that's ongoing right now?

8 MS. McCAMMON: My understanding that the contract money
9 for ongoing appraisals is FY '95 money, and that's already
10 committed, encumbered. This is new work passed October 1st.

11 MR. WOLFE: We're -- Mr. Chair, one more point.
12 Were we shooting for a half a day at our next Trustee Council
13 meeting to address this issue. We've talked around that, but we
14 never really got down to it in detail, and if we're talking about
15 that for September then I'm okay with taking half of the --in
16 essence, budget out, as long as it doesn't affect any appraisal
17 work that we -- in negotiations we have going on right now, and
18 we should have this issue resolved then prior to the October 1
19 time frame when we would possibly need additional money.

20 MS. McCAMMON: Mr. Chairman, I think if we have this
21 working group set up that the staff prepare some information and
22 then comes back and then at the next meeting we do have a section
23 that's more like a work session on this, we probably -- we could
24 come back with the second half of the budget, and I think we'd
25 have a better documentation and we'd be more realistic about what
26 the actual needs are, and we could do it at that time in

1 September, and not wait until December.

2 MR. TILLERY: Ms. Williams.

3 MS. WILLIAMS: Mr. Chairman, I did not have the
4 opportunity to discuss this, particularly with Fish & Wildlife
5 Service, because I think under Molly's modification they're the
6 ones who would be affected from the Department of Interior's
7 perspective, my particular concern is similar, I think, to Mr.
8 Wolfe's and that is if you look at the Department of Interior's
9 budget, page 16 of 21, the page that I'm most concerned about are
10 these survey work, large parcel title work, appraisal contract,
11 small parcel surveys, small parcel title work, those I would not
12 want to interfere with, you know, my this motion. I mean, if
13 there was some chance that this motion would interfere with
14 necessary pre-requisite to going forward, then, obviously that
15 would make me very nervous now, you know, obviously that is
16 approximately one-fourth of our budget and we have budget in
17 personnel and budget in travel, I feel a small amount of
18 discomfort with -- if I were confident we could do this without
19 adversely impacting the acquisition process, I would
20 unhesitatingly move in favor of this because I am for efficiency
21 and scrutiny. I don't have that confidence. I guess I'm
22 somewhat -- some of my concerns may allayed if we address this in
23 September. The alternative might be, and I'm not sure this is a
24 factor to Commissioner Rue -- instead of potentially adversely
25 impacting a lot of work that we're hoping to do in the next
26 couple of months -- I guess my real concern is we're hoping to

1 get a lot done in the next couple of months, and I would hope
2 this wouldn't interfere with that. To, you know, perhaps defer
3 Commissioner Rue's motion, you know, apply what we learn more
4 directly to the, you know, next fiscal year's budget process,
5 that may be too late, but I don't want to -- don't want to
6 adversely impact what we've got to do intensely in the next
7 couple of months.

8 MR. PIPER: Mr. Chair.

9 MR. TILLERY: Mr. Piper.

10 MR. PIPER: The -- in thinking about it, you know, I
11 -- I have somewhat now the same concern that Deborah does in the
12 sense it don't -- just taking it in half doesn't address that
13 each agency isn't going to spend the same amount of money at the
14 same time in the same way. There may be some things that are way
15 up front for some agencies, whereas they are farther out in the
16 budget year for others, and it's pretty hard to tell from looking
17 at that right now, even a detailed budget sheet whether that's a
18 problem, and I share -- I share their concerns about hamstringing
19 things unintentionally early on.

20 MR. TILLERY: Mr. -- Commissioner Rue.

21 MR. RUE: As I understand it, the budget begins
22 October 1, right? So, it wouldn't be anything we do August,
23 September, but it would be things that might start happening
24 October 1st. We may be making some decisions September 25th.
25 Actually, my biggest concern is paying for the staff to create
26 half budgets. I don't know if we need to have -- make people go

1 through gyrations to play that game, but this is -- I mean -- I
2 don't know if we'll be confident September 25th or 24th or
3 whenever we have this session to take action on any deferred
4 stuff. I don't think we need to defer it necessarily until
5 December. I was simply saying until after that work shop, which
6 could be a week before the fiscal year, or it might not change it
7 at all. I just wanted to -- I'm simply trying to get some
8 incentive out there for people to take a real hard work -- look -
9 - you know it's hard to say whether this makes a lot of sense, is
10 reasonable, and I just think it's an area that needs some
11 scrutiny, and this gives people big incentive that we're serious
12 and you need to justify what's in here.

13 MR. WOLFE: I guess, you know, in thinking a little
14 bit more about it, if we are going to re-visit this whole issue
15 and scrutinize it on September 25th, I'm not sure what we would
16 gain by trying to take out half of the budget, or even 10
17 percent, or whatever, just defer it and make it well understood
18 that agencies will definitely have to come in and support their
19 budget, and it is going to be scrutinized in detail on the 25th,
20 and if we see a problem, we'll deal with it at that point.

21 MS. McCAMMON: Mr. Chairman, I don't think that works
22 enough from the state's perspective because we're preparing to go
23 to Legislative Budget & Audit the 26th, 27th and you need
24 authorization to expend effective October 1st, and if there's any
25 kind of delay between that September 25th meeting, if it ends up
26 being the 29th or whatever, then there's a gap there, and I would

1 assume that for some of the Forest Service's contract that you --
2 by the time you get money transferred -- I think there ...

3 DR. GIBBONS: October 1, they -- run out of them.

4 MS. McCAMMON: ... you run out of funds.

5 MR. TILLERY: That's because the federal government's
6 not working after October 1 anyway.

7 MS. McCAMMON: That could be too. I -- I think that --
8 that one of the main reasons for having some further thought
9 about this budget is that -- and certainly nobody wants to stop
10 the work that's being done for the acquisitions to happen. There
11 are some questions about what is actually needed for post-
12 acquisitions, in terms of actually having some of the closing
13 completed, whether surveys, to what extent surveys are needed, to
14 what extent the title work has to be done before or after, to
15 what extent there needs to be markings. Potentially, this budget
16 could be as high as two million if there's some requirements that
17 are needed for post acquisition marking. And, it's -- I don't
18 think that necessarily each agency has the exact same rules and
19 regulations and standards, but I think it would behoove us if we
20 spent a little bit more time looking at these costs because it is
21 a lot of money that's being spent here, to see if it could be
22 done more efficiently, or to see what actually -- what is
23 essential to being done versus what may not have to be done.

24 MR. RUE: Sort of what's normal agency ...

25 MR. TILLERY: ... activity and post acquisition ...

26 MR. RUE: ... in terms of marking property lines.

1 MR. RUE: In terms of marking property lines ...

2 MR. TILLERY: ... which is my major concern. Ms.
3 Williams.

4 MS. WILLIAM: I do feel substantially amount of dis-
5 easement with this, and perhaps my greatest sense of dis-ease --
6 disease -- dis-ease is -- (laughter) -- is there a word dis-ease?
7 -- is we know there is --

8 UNIDENTIFIED VOICE: It's a herring project.

9 (Laughter)

10 MS. WILLIAMS: I'm looking at the next month.

11 (Laughter) If we're going to get small parcels on the table,
12 there is a tremendous amount of work to do that between now and
13 then. If we're going to get a couple of these large packages
14 rolling like we want to, there's a lot of work to do there. What
15 I would hate to see in the next month is, and, you know, when you
16 put budgets under scrutiny, then people become preoccupied with
17 that. I would hate to call up, you know, my client -- my agency
18 or have you guys call up your agencies and say, well, we can't,
19 you know, to get to this or that or the other because, gee, you
20 know, we've got to address this inquiry. I just see this -- this
21 next month as a really pretty critical time to make some
22 important acquisitions, things happen, and I would hate this to
23 be such a distracting exercise that we can't do this. I think
24 this is an important exercise, and I guess the problem is, of
25 course, a timing question. I would like to, you know, have this
26 scrutiny and have it affect next year's budget, and maybe even

1 affect this year's budget, but, boy, I hate to have this intense
2 scrutiny happen when we're trying to -- these small parcels and
3 critical timing on large acquisition effort, and interfere with
4 that in these next 30 days, and I guess I'd have to defer to some
5 of my fellow Council members and to Molly and Eric to see if you
6 think that that poses a conflict problem, but I would hate in
7 September to say, oh, we've trimmed down the budget, but as a
8 result of this exercise, we couldn't get our small parcel package
9 together, we couldn't, you know, get to Chenega and Tatitlek and
10 Shuyak where we wanted it to. I would hate to have this
11 interfere with that. Penny saved -- I mean, penny-wise, pound
12 foolish sort of thing.

13 MR. TILLERY: Commissioner.

14 MR. RUE: Well, I think that's a good question. Jim,
15 Molly, who can answer whether this really would throw this year's
16 work off the rail because you'd be distracting people?

17 MR. WOLFE: The appraisal, Mr. Chair, as Molly
18 pointed out earlier, the appraisal work that we have ongoing
19 right now for Chenega and Tatitlek, even some of the funding for
20 AJV is out of the '95 budget, so it would not have that much
21 affect on that effort. The small parcel, we've all that covered
22 also, I think, out of our current budget. I -- I guess I still
23 come back to -- I don't think what is being proposed here would
24 stop or cause us to stop what we're doing, after thinking about
25 it some more, affect, but I do think that it would be
26 counterproductive to try to tell folks that they need to develop

1 a budget based on half or something like that. Let's have our
2 meeting on September 25th and decide whether we agree with what's
3 being proposed as a part of these budgets after we have a chance
4 to look at it in more detail, and have them explained to us
5 what's in those budgets, and then deal with it at that point in
6 time.

7 MR. TILLERY: In order to deal with the state's
8 peculiar timing problem, I would wonder if one possibility might
9 be to approve this budget in whole subject to the admonition that
10 it can and will be changed at the September meeting if there is
11 not adequate justification for it, which I believe would allow us
12 then to go to LB&A with the numbers we have and then if it turns
13 out that we rescind the money, that would be okay, but we would
14 be unable -- or we just went through this recently, reluctant to
15 go to LB&A without having the Council vote on it, and we could be
16 set back several months if we don't get LB&A approval.

17 MS. MCCAMMON: I think, Mr. Chairman, also in response
18 to Deborah's concern that -- if we get it and maybe not even tied
19 in definitely to the September meeting because, I think you're
20 right, we're going to be making a big effort on small parcels in
21 the six months, and it may be -- it may be a simple fact that a
22 couple of teleconferences we get all of the information we need
23 and additional documentation and it would be simple to put forth.
24 It may need some more lengthy discussion and work, in which case
25 I think we should be clear that the priority is to get the small
26 parcel package complete, and if that means not coming back with a

1 report and recommendation until October, then that would be
2 reflective of the priority of the Council. So, it would be
3 funding the full amount subject to further review, with a report
4 to the Trustee Council as soon as possible, or something to that
5 effect.

6 MR. RUE: Well, that certainly achieves the
7 purpose I was trying to get at, which is a look at this and some
8 incentive to do it. So, whoever makes the motion on this can
9 say, sort of that idea. I'm not going to do one of those again,
10 not until we take a break.

11 MR. TILLERY: Mr. Wolfe.

12 MR. WOLFE: Mr. Chair, I make a motion that we
13 accept the habitat -- what do we call this -- habitat protection
14 acquisition support budget as proposed, subject to further review
15 in late September or early October at the latest. Anything else
16 I need to add?

17 MR. TILLERY: Is there any further discussion on this?
18 All in favor?

19 ALL TRUSTEE COUNCIL MEMBERS: Aye.

20 MR. TILLERY: Opposed? (No response) The motion
21 carries. That is the last item on the agenda -- ask the
22 Executive Director if there's anything further that she's aware
23 of that needs to be brought up at this time.

24 MS. McCAMMON: Mr. Chairman, all I can tell you is that
25 this was a 30.3 million dollar day.

26 MR. TILLERY: Is there any reason that we can't

1 adjourn this meeting, as opposed to continuing it.

2 MR. PIPER: Mr. Chair, move we adjourn.

3 MR. RUE: Second.

4 MR. TILLERY: All in favor?

5 ALL TRUSTEE COUNCIL MEMBERS: Aye.

6 MR. TILLERY: The meeting is adjourned.

7 (Off Record 4:07 p.m.)

8 END OF PROCEEDINGS

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CERTIFICATE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

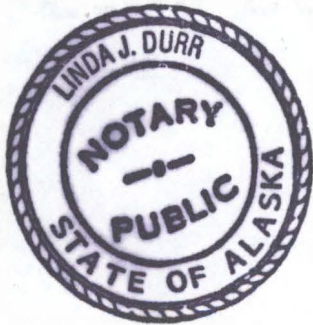
I, Linda J. Durr, a notary public in and for the State of Alaska and a Certified Professional Legal Secretary, do hereby certify:

That the foregoing pages numbered 03 through 202 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council teleconference meeting taken electronically by me on August 25, 1995, commencing at approximately 8:30 a.m. at the Exxon Valdez Oil Spill Restoration Office, 645 G Street, Anchorage, Alaska;

That the transcript is a true and correct transcript requested to be transcribed and thereafter transcribed by Sandra Norris and me to the best of our knowledge and ability from that electronic recording.

That I am not an employee, attorney or party interested in any way in the proceedings.

DATED at Anchorage, Alaska, this 31st day of August, 1995.



Linda J Durr

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/97