

11.14.02

Exxon Valdez Oil Spill
Trustee Council

April 23, 2003

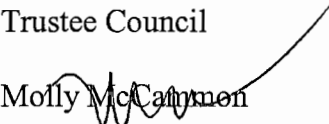
Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCann 

DATE: April 14, 2003

RE: Materials for April 23 meeting.

You will be receiving two binders of materials for the April 23 meeting:

1. A detailed briefing document with multiple appendices and reports. This binder includes the legal documents, plans, policies, and agreements that have been developed for the program since 1991.
2. The agenda and backup materials for potential action items that the Trustee Council may want to consider at this meeting.

I have also been asked by one trustee to add to the agenda an executive session to discuss legal and personnel issues. If, after reviewing all of these materials, you have additional issues/questions you would like addressed at either portion of the meeting, please don't hesitate to contact me.

Agenda

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



AGENDA EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL MEETING

April 23, 2003
441 West 5th Avenue, Suite 500, Anchorage

4-18-03 DRAFT

Trustee Council Members:

GREGG RENKES
Attorney General
State of Alaska

JAMES BALSIGER
Administrator, Alaska Region
National Marine Fisheries Service

ERNESTA BALLARD
Commissioner
Alaska Department of
Environmental Conservation

DRUE PEARCE
Senior Advisor to the Secretary
for Alaskan Affairs
U.S. Department of the Interior

KEVIN DUFFY
Commissioner
Alaska Department of Fish
and Game

JOE MEADE
Forest Supervisor
U.S. Department of Agriculture
Forest Service

Meeting in Juneau, NMFS Conference Room, Room 445
Federal Building, 709 West 9th Street
James Balsiger, Federal Chair

10:00 am

Call to order
Executive Director comments

10:15 am – 12:00 pm Briefings

Oil spill and damage assessment – *Molly McCammon*
Litigation, settlement, uses of settlement funds, and legal documents (tabs A-C)
Charlie Cole (former Trustee), Craig Tillery (ADOL) & Gina Belt (USDOJ)

1991-2002
Restoration Plan (plus EIS) (tabs F-G)

Federal Trustees	State Trustees
U.S. Department of the Interior	Alaska Department of Fish and Game
U.S. Department of Agriculture	Alaska Department of Environmental Conservation
National Oceanic and Atmospheric Administration	Alaska Department of Law

Restoration Activities
Status of Recovery (tab L)
Restoration Synthesis (tabs J, K)
Bob Spies (Chief Scientist) and Molly McCammon (Executive Director)

Reserve Account – *Molly McCammon*
Establishment (tab H)
Decision on Uses
Why GEM

Gulf Ecosystem Monitoring (GEM)
Planning for GEM – *Molly McCammon*
NRC Review – *Chris Elfring (National Academy of Sciences)* (tab M)
Overview of Program – *Molly McCammon & Phil Mundy (Science Director)* (tab N)
GEM Science Plan, STAC and Habitat Subcommittees –
Phil Mundy & Brenda Norcross (STAC Co-chairs) (tabs P, Q, V)
GEM Partners (tabs O, R)

12:00 – 1:00 pm **Break. Lunch provided. Executive session (legal and personnel issues)**

1:00 – 2:30 pm **Briefings continue**

Habitat Protection Activities – past and current – *Molly McCammon* (tabs T, BB)
Grant to The Nature Conservancy & The Conservation Fund
Randy Hagenstein (TNC) and Brad Meiklejohn (TCF)

Procedures/Policies [Processes] (tabs D, Y, CC)
Organizational Charts (tab U)
Meeting Procedures
Molly McCammon & Sandra Schubert

Public and Community Participation – *Molly McCammon* (tab S)
Public Advisory Committee – *Brett Huber (Chair) & Chuck Meacham (Vice-chair)* (tab E)
Public comments
Community Involvement Plan
Partnerships/Cooperative efforts
FOIA, State Public Records and Open Meetings Act – *Craig Tillery and Gina Belt*
15th Anniversary in 2004

Investment Fund – *Molly McCammon, Bob Storer (AK Permanent Fund) and Gary Bader (ADOR, Treasury Div.)*
Policies (tabs I, X)
Investment Working Group (tab W)
Asset Allocation

2:30 – 2:45 pm **Break**

2:45 pm

Public Comment (include teleconference)

3:00 pm

Tentative Action Agenda

Approve November 25, 2002 meeting notes

Investment Fund

Asset allocation

FY 03 Work Plan

Deferred projects (030552, 030635, 030670, 030682)

FY 04 Invitation

Schedule

Content

Multi-year funding

ARLIS Library

NOAA Grant

Science Planning

STAC nominee – Tom Royer

Habitat Protection

Small parcels

Knol, Nakada & Thompson offers/KEN 1101, 1102, 1103

McGee offer/KEN 1104

Duck Flats extension of offer/PWS 05

Meeting note corrections

Kodiak Waste Management – lapse date extension

5:00 pm

Concluding Trustee Council Comments

Adjourn

Exxon Valdez Oil Spill Trustee Council

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AGENDA EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL MEETING

April 23, 2003
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4-14-03 DRAFT

Trustee Council Members:

GREGG RENKES
Attorney General
State of Alaska

JAMES BALSIGER
Administrator, Alaska Region
National Marine Fisheries Service

ERNESTA BALLARD
Commissioner
Alaska Department of
Environmental Conservation

DRUE PEARCE
Senior Advisor to the Secretary
for Alaskan Affairs
U.S. Department of the Interior

KEVIN DUFFY
Commissioner
Alaska Department of Fish
and Game

JOE MEADE
Forest Supervisor
U.S. Department of Agriculture
Forest Service

Meeting in Juneau, NMFS Conference Room, Room 445
Federal Building, 709 West 9th Steet
James Balsiger, Federal Chair

10:00 am – 12:00 pm Briefings

Executive Director comments
History of oil spill, damage assessment, litigation, and settlement
Legal documents

Charlie Cole (former Trustee), Craig Tillery (ADOL) & Gina Belt (USDOJ)

1991-2002

Restoration Plan (plus EIS)
Restoration Activities
Status of Recovery

Bob Spies (Chief Scientist) and Molly McCammon (Executive Director)

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National Oceanic and Atmospheric Administration

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Alaska Department of Law

Reserve Account – *Molly McCammon*
Establishment
Decision on Uses

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Planning for GEM – *Molly McCammon*
NRC Review – *Chris Elfring (National Academy of Sciences)*
Overview of Program – *Molly McCammon & Phil Mundy (Science Director)*
GEM Science Plan, STAC and GEM Habitat Subcommittees –
Phil Mundy & Brenda Norcross (STAC Co-chairs)
GEM Partners –

12:00 – 12:30 pm **Break. Lunch provided. Executive session (legal and personnel issues)**

12:30 – 2:00 pm **Briefings continue**

Habitat Protection Activities – past and current – *Molly McCammon*
Grant to The Nature Conservancy & The Conservation Fund
Randy Hagenstein (TNC) and Brad Meiklejohn (TCF)

Procedures/Policies/Processes
Evolution and current status
Molly McCammon & Sandra Schubert

Public and Community Participation – *Molly McCammon*
Public Advisory Committee – *Brett Huber (Chair) & Chuck Meacham (Vice-chair)*
Public comments
Community Involvement Plan
Partnerships/Cooperative efforts
FOIA, State Public Records and Open Meetings Act – *Craig Tillery and Gina Belt*
15th Anniversary in 2004

Investment Fund – *Molly McCammon, Bob Storer (AK Permanent Fund) and Gary Bader (ADOR, Treasury Div.)*
Policies
Investment Working Group
Asset Allocation

2:00 – 2:15 pm **Break**

2:15 pm **Public Comment (include teleconference)**

2:30 pm

Tentative Action Agenda

Investment Fund
Asset allocation

FY 03 Work Plan
Deferred projects (030552, 030635, 030670, 030682)

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Meeting note corrections

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Concluding Trustee Council Comments

5:00 pm

Adjourn

Nov 25, 2002
meeting notes

Exxon Valdez Oil Spill Trustee Council

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TRUSTEE COUNCIL MEETING NOTES

Anchorage, Alaska

November 25, 2002

By Molly McCammon
Executive Director

DRAFT

DRAFT

Trustee Council Members Present:

Dave Gibbons, USFS
Drue Pearce, DOI
James Balsiger, NMFS

*Frank Rue, ADF&G
Michele Brown/Ron Klein, ADEC
Craig Tillery, ADOL

* Chair

In Anchorage: Rue, Tillery, Balsiger, Klein/Brown
By teleconference: Pearce, Gibbons

• Alternate

Ron Klein served as alternate for Michele Brown for first part of the meeting.

Meeting convened at 10:00 a.m., November 25, 2002 in Anchorage.

1. Approval of the Agenda

APPROVED MOTION: Approved the November 25, 2002 agenda with flexibility to move executive session and habitat items as needed and time permits.
(Attachment A)

No objection.

2. Approval of Meeting Notes

APPROVED MOTION: Approved the October 29, 2002 meeting notes.
(Attachment B)

Motion by Tillery, second by Balsiger

Public comment period began at 10:30 a.m.

No public comment.

Public comment period closed at 10:31 a.m.

3. Investments

APPROVED MOTION: Adopted Resolution 03-02 of the *Exxon Valdez* Oil Spill Trustee Council regarding disbursement from the EVOS investment fund for long-term research, monitoring and general restoration. (Attachment C)

Motion by Tillery, second by Klein

Public comment period was re-opened at 10:55 a.m.

Public comment received by one individual in Anchorage.

Public comment was closed at 11:00 a.m.

4. Habitat

APPROVED MOTION: Adopted Resolution 03-03 of the *Exxon Valdez* Oil Spill Trustee Council regarding small parcels KEN 295 and KEN 310. (Attachment D)

Motion by Tillery, second by Balsiger

5. Science Review Process

APPROVED MOTION: Approved November 25, 2002 revision to Gulf of Alaska Ecosystem Monitoring and Research Program, Process for Providing Scientific and Technical Advice and Peer Review originally adopted by the Trustee Council on February 25, 2002. (Attachment E)

Motion by Balsiger, second by Tillery

APPROVED MOTION: Approved Dr. Ed Harrison to replace Dr. Warren Wooster on Scientific and Technical Advisory Committee.

Motion by Balsiger, second by Klein

6. Prior Work Plan Adjustments

APPROVED MOTION: Approved addition of \$8.05 to the appropriation for fish pass at Alaska SeaLife Center, project 97197.

Motion by Tillery, second by Klein

APPROVED MOTION: Approved the administrative actions necessary to transfer \$21,800 from Applied Marine Sciences contract (through ADNR) for project 030600 directly to USGS for Dr. Nielsen's portion of project 030600.

Motion by Balsiger, second by Tillery

BREAK

Off the record at (11:00 a.m.)

On the record at (11:15 a.m.)

7. Executive Session

APPROVED MOTION: Approved moving to executive session to discuss personnel issue and habitat protection, to be followed by lunch.

Motion by Tillery, second by Balsiger

EXECUTIVE SESSION AND LUNCH BREAK

Off Record at (11:45 p.m.)

On Record at (1:10 p.m.)

8. Honor Departing Trustees

Comments and gifts to departing State trustees Frank Rue and Michele Brown.

9. FY 03 Work Plan Phase II

APPROVED MOTION: Approved Resolution 03-04 for FY 03 Phase II projects with the following conditions: (1) If a Principal Investigator (PI) has an overdue report or manuscript from a previous year, no funds may be expended on a project involving the PI unless the report is submitted or a

schedule for submission is approved by the Executive Director, (2) a project's lead agency must demonstrate to the Executive Director that requirements of the National Environmental Policy Act (NEPA) are met before any project funds may be expended (with the exception of funds spent to prepare NEPA documentation), and (3) the PI for each project must submit a signed form to the Executive Director indicating his or her agreement to abide by the Trustee Council's data and report requirements. (Attachment F)

Motion by Tillery, second by Brown

APPROVED MOTION: Approved \$48,400 funding for project 030126.

Motion by Brown, second by Pearce

10. Research MOA

APPROVED MOTION: Approved granting Executive Director authority to sign November 25, 2002 draft of Memorandum of Agreement with North Pacific Research Board and University of Alaska. (Attachment G)

Motion by Tillery, second by Brown

Meeting adjourned at 2:45 p.m. Motion by Pearce, second by Gibbons

Briefing Summary

A. GROUP: Exxon Valdez Oil Spill (EVOS) Public Advisory Committee (PAC)

B. DATE/TIME: January 14, 2003

C. LOCATION: Anchorage, Alaska

D. MEMBERS IN ATTENDANCE:

<u>Name</u>	<u>Principal Interest</u>
Torie Baker	Commercial Fishing
John Devens	Regional Monitoring
Gary Fandrei	Aquaculture/Mariculture
John Gerster	Public-at-Large
Brett Huber	Sport Hunting & Fishing
Charlie Hughey	Subsistence
RJ Kopchak	Public-at-Large
Pat Lavin	Conservation/Environmental
Chuck Meacham	Science/Technical
Brenda Norcross	Science/Technical and STAC
Martin Robards	Conservation/Environmental
Stan Senner	Conservation/Environmental
Scott Smiley	Public-at-Large
Michael Vigil	Tribal Government
Kate Williams	Conservation/Environmental

E. NOT REPRESENTED:

<u>Name</u>	<u>Principal Interest</u>
Pat Norman	Native Landowner
Ed Page	Marine Transportation
Gerald Sanger	Commercial Tourism
Stacy Studebaker	Recreation Users
Ed Zeine	Local Government

F. OTHER PARTICIPANTS:

<u>Name</u>	<u>Organization</u>
Dan Bogan	
Stephen Braund	Scientific and Technical Advisory Committee (STAC)
Delice Calcote	Cook Inlet Marine Mammal Council
Joel Cooper	Cook Inlet Keeper
Charles Edwardsen	
Pete Hagen	National Oceanic & Atmospheric Administration (NOAA)
John Harper	Coastal & Ocean Resources, Inc.

Bill Hauser	Alaska Department of Fish and Game
Jess Lanman	Cook Inlet Marine Mammal Council
Barat LaPorte	Patton Boggs
Gary Marty	University of California, Davis
Molly McCammon	Trustee Council Staff
Charles Miller	STAC
Calvin Mordy	NOAA
Phil Mundy	Trustee Council Staff
Doug Mutter	Designated Federal Officer, Dept. of the Interior
Carl Nostrand	
Ron O'Dor	STAC
Sandra Schubert	Trustee Council Staff
Cherri Womac	Trustee Council Staff

G. SUMMARY:

The meeting began January 14 at 5:15 p.m. with a roll call and introductions.

The session was opened for public comment. Joel Cooper requested that the EVOS Gulf Ecosystem Monitoring and Research (GEM) program collaborate with other funding sources to make information available to communities so organizations would not be competing with one another. He also asked that more emphasis be placed on the watershed component of the program. Delice Calcote asked that more emphasis be placed on work in Cook Inlet. She wanted to know why animals are not recovering and who was benefitting from all this science. She stated that small communities were dependent upon subsistence resources, and there are concerns about the safety of the foods they eat.

Molly McCammon noted that a Memorandum of Agreement was signed by the EVOS Trustee Council and the University of Alaska (and hopefully soon by the North Pacific Research Board) to collaborate on setting research priorities, funding, and peer review as a way to avoid unnecessary duplication of effort. She said the Alaska legislature last year passed joint resolution #44 calling for a statewide research plan and coordination among research elements of the state. The University has the lead on this. A questionnaire about research needs has been sent out. Scott Smiley noted that communities also received the survey.

The formation of the Coastal Alaska Observing System (CAOS) was discussed. McCammon said that this was part of a national and international effort to standardize data and information about the marine environment, including physical and biological elements.

The election of officers took place. Using closed ballots, Brett Huber was elected chairperson and Chuck Meacham was elected vice-chairperson.

The group voted unanimously to change the number of voting members present to constitute a quorum from ten to eleven members.

Huber asked about the status of the draft GEM Science Plan. McCammon said that it would

be reviewed by the STAC and Habitat Subcommittee Thursday and would go to the Trustee Council in mid-February. Phil Mundy stated that he was still working to incorporate comments received and that the FY04 project approval process could go forward without foreclosing any options.

McCammon said that the next Trustee Council meeting would include discussions on: protecting several small parcels, financial asset allocations, four deferred projects for FY03, the GEM Science Plan, and the FY04 Invitation for Project Proposals.

Smiley and Stan Senner both stated that PAC involvement in the review of the community involvement projects would be of interest. John Devens suggested that the communities be asked what their research and monitoring priorities were. Smiley said that public expectations were a significant issue and he called for a PAC session devoted to this topic. Brenda Norcross agreed that work on this issue was important and that community proposal peer reviewers should be identified. PAC members discussed these ideas.

The meeting adjourned at 6:20 p.m.

H. FOLLOW-UP:

1. McCammon will make the next draft of the GEM Science Plan available to the PAC as soon as possible.
2. McCammon will distribute to the PAC the invitation to bid for the community involvement projects as soon as available.

I. NEXT MEETINGS:

- Possi bly a teleconference briefing before February 10 about the draft GEM Science Plan
- A field trip to Prince William Sound in June
- Possi bly a meeting in June
- Possi bly a meeting in October/November

J. ATTACHMENTS: (Handouts, for those not present)

1. None

K. CERTIFICATION:

PAC Chairperson

Date

Exxon Valdez Oil Spill Trustee Council

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MEMORANDUM

TO: Exxon Valdez Oil Spill Trustee Council

THROUGH: Molly McCammon
Executive Director

FROM: Sandra Schubert
Program Director

DATE: April 16, 2003

RE: March 31, 2003 Investment Reports

Please find attached the following Alaska Department of Revenue reports for the *Exxon Valdez Oil Spill Investment Fund* as of March 31, 2003:

Attachment A	Schedule of Invested Assets
Attachment B	Schedule of Investment Income and Changes in Invested Assets
Attachment C	Asset Allocation Policy with Actual Investment Holdings
Attachment D	Comparison to Index and Benchmarks (3 pp.)

Also attached are the following graphs prepared using information from the Alaska Department of Revenue's March 31, 2003 reports:

Attachment E	Investment Fund Assets
Attachment F	Investment Fund Income/Loss (table)
Attachment G	Investment Fund Income/Loss (graph)
Attachment H	Investment Fund by Sub-account / Index
Attachment I	Short Term Fixed Income / Benchmark
Attachment J	Broad Market / Benchmark
Attachment K	Domestic Equity / Benchmark
Attachment L	International Equity / Benchmark

I would like to discuss with you at the upcoming Trustee Council meeting whether this set of attachments meets your needs for staying informed of the status of the EVOS Investment Fund.

cc: Investment Working Group

STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund

SCHEDULE OF INVESTED ASSETS

March 31, 2003 and 2002

Investments (at fair value)	<u>2003</u>	<u>2002</u>
Research Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	\$ 3,448	\$ 208,655
Marketable debt and equity securities		
Broad Market Fixed Income Pool	39,231,241	73,275,581
Non-retirement Domestic Equity Pool	35,417,634	78,115,740
SOA International Equity Pool	<u>14,371,271</u>	<u>30,330,853</u>
Total Research Investment	<u>89,023,595</u>	<u>181,930,829</u>
Habitat Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	14	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	10,732,473	-
Non-retirement Domestic Equity Pool	9,685,415	-
SOA International Equity Pool	<u>3,940,269</u>	<u>-</u>
Total Habitat Investment	<u>24,358,171</u>	<u>-</u>
Koniag Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	13,306,909	-
Non-retirement Domestic Equity Pool	11,875,074	-
SOA International Equity Pool	<u>4,830,655</u>	<u>-</u>
Total Koniag Investment	<u>30,012,638</u>	<u>-</u>
Total invested assets	<u>\$ 143,394,403</u>	<u>\$ 181,930,829</u>

STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund

SCHEDULE OF INVESTMENT INCOME
AND CHANGES IN INVESTED ASSETS

For the period ended March 31, 2003

Investment Income	CURRENT MONTH	FEDERAL YEAR TO DATE
Research Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	\$ 3	\$ 179
Marketable debt and equity securities		
Broad Market Fixed Income Pool	17,025	942,511
Non-retirement Domestic Equity Pool	363,337	2,351,859
SOA International Equity Pool	(87,995)	177,551
Commission Recapture	298	2,245
	<u>292,669</u>	<u>3,474,344</u>
Total investment income (loss) Research Investment	<u>292,669</u>	<u>3,474,344</u>
Habitat Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	14	14
Marketable debt and equity securities		
Broad Market Fixed Income Pool	5,956	245,856
Non-retirement Domestic Equity Pool	89,597	492,640
SOA International Equity Pool	(26,511)	57,800
Commission Recapture	82	634
	<u>69,138</u>	<u>796,945</u>
Total investment income (loss) Habitat Investment	<u>69,138</u>	<u>796,945</u>
Koniag Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	5,777	505,702
Non-retirement Domestic Equity Pool	121,822	(269,735)
SOA International Equity Pool	(29,578)	(18,736)
Commission Recapture	100	717
	<u>98,122</u>	<u>217,947</u>
Total investment income (loss) Koniag Investment	<u>98,122</u>	<u>217,947</u>
Total investment income (loss)	<u>459,928</u>	<u>4,489,236</u>
Total invested assets, beginning of period	<u>144,064,475</u>	<u>142,318,237</u>
Net contributions (withdrawals):		
Research Investment	-	(56,768,986)
Habitat Investment	(1,130,000)	23,561,226
Koniag Investment	-	29,794,692
	<u>-</u>	<u>29,794,692</u>
Total invested assets, end of period	<u>\$ 143,394,403</u>	<u>\$ 143,394,403</u>

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund
Asset Allocation Policy (effective 4/24/00) with Actual Investment Holdings as of
March 31, 2003

EVOS RESEARCH INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		3,444.32	0.00%	0.00%
Total cash and cash equivalents	0.00%		3,444.32	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	39,231,241.19	44.07%	-2.07%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	35,417,634.42	39.78%	1.22%
SOA International Equity Pool	17.00%	12% - 22%	14,371,271.29	16.14%	0.86%
Total marketable debt securities	100.00%		89,020,146.90	100.00%	0.00%
Total holdings	100.00%		89,023,591.22	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			3.36		
Total Invested Assets at Fair Value			89,023,594.58		

EVOS HABITAT INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		-	0.00%	0.00%
Total cash and cash equivalents	0.00%		-	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	10,732,472.54	44.06%	-2.06%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	9,685,414.86	39.76%	1.24%
SOA International Equity Pool	17.00%	12% - 22%	3,940,269.05	16.18%	0.82%
Total marketable debt securities	100.00%		24,358,156.45	100.00%	0.00%
Total holdings	100.00%		24,358,156.45	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			14.15		
Total Invested Assets at Fair Value			24,358,170.60		

EVOS KONIAG INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		-	0.00%	0.00%
Total cash and cash equivalents	0.00%		-	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	13,306,908.86	44.34%	-2.34%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	11,875,074.33	39.57%	1.43%
SOA International Equity Pool	17.00%	12% - 22%	4,830,655.05	16.10%	0.90%
Total marketable debt securities	100.00%		30,012,638.24	100.00%	0.00%
Total holdings	100.00%		30,012,638.24	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			-		
Total Invested Assets at Fair Value			30,012,638.24		

Exxon Valdez Oil Spill Research Investment Fund

Period Ending March 31, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY02 EVOS Research Investment Fund	89,023	0.33	-1.61	-1.61	3.16	-5.00
EVOS Investment Fund Index		0.06	-2.09	-2.09	2.99	-6.80
Short-term Fixed Income Pool	3	0.15	0.40	0.40	0.92	3.50
91 day T-Bill		0.12	0.31	0.31	0.74	3.15
Broad Market Fixed Income Pool	39,231	0.04	1.61	1.61	2.76	9.67
Lehman Brothers Aggregate Index		-0.08	1.40	1.40	2.99	9.86
Non-Retirement Domestic Equity Pool	35,418	1.04	-3.07	-3.07	4.60	-17.11
Russell 3000 Index		1.05	-3.04	-3.04	4.74	-17.85
SOA International Equity Pool	14,371	-0.62	-6.34	-6.34	0.69	-14.65
Morgan Stanley Capital Intl. (EAFE)		-1.96	-8.21	-8.21	-2.29	-18.82

Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

** Inception to Date indicates a term beginning November 1, 2000 to current period ending for performance reporting.

Exxon Valdez Oil Spill Habitat Investment Fund

Period Ending March 31, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY2H EVOS Habitat Investment Fund	24,358	0.28	-1.66	-1.66	N/A	-0.65
EVOS Investment Fund Index		0.06	-2.09	-2.09	N/A	-0.96
Short-term Fixed Income Pool	-	0.15	0.40	0.40	N/A	0.87
91 day T-Bill		0.12	0.31	0.31	N/A	0.59
Broad Market Fixed Income Pool	10,733	0.04	1.61	1.61	N/A	3.75
Lehman Brothers Aggregate Index		-0.08	1.40	1.40	N/A	3.46
Non-Retirement Domestic Equity Pool	9,685	1.04	-3.07	-3.07	N/A	-3.11
Russell 3000 Index		1.05	-3.04	-3.04	N/A	-2.99
SOA International Equity Pool	3,940	-0.62	-6.34	-6.34	N/A	-5.74
Morgan Stanley Capital Intl. (EAFE)		-1.96	-8.21	-8.21	N/A	-7.27

Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

** Inception to Date indicates a term beginning November 1, 2002 to current period ending for performance reporting.

Exxon Valdez Oil Spill Koniag Investment Fund

Period Ending March 31, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY2J EVOS Koniag Investment Fund	30,013	0.33	-1.60	-1.60	N/A	-0.58
EVOS Investment Fund Index		0.06	-2.09	-2.09	N/A	-0.96
Short-term Fixed Income Pool	-	0.15	0.40	0.40	N/A	0.87
91 day T-Bill		0.12	0.31	0.31	N/A	0.59
Broad Market Fixed Income Pool	13,307	0.04	1.61	1.61	N/A	3.75
Lehman Brothers Aggregate Index		-0.08	1.40	1.40	N/A	3.46
Non-Retirement Domestic Equity Pool	11,875	1.04	-3.07	-3.07	N/A	-3.11
Russell 3000 Index		1.05	-3.04	-3.04	N/A	-2.99
SOA International Equity Pool	4,831	-0.62	-6.34	-6.34	N/A	-5.74
Morgan Stanley Capital Intl. (EAFE)		-1.96	-8.21	-8.21	N/A	-7.27

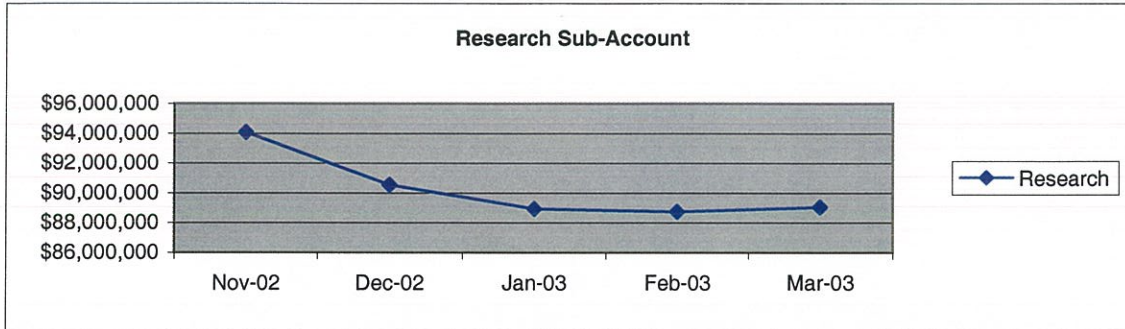
Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

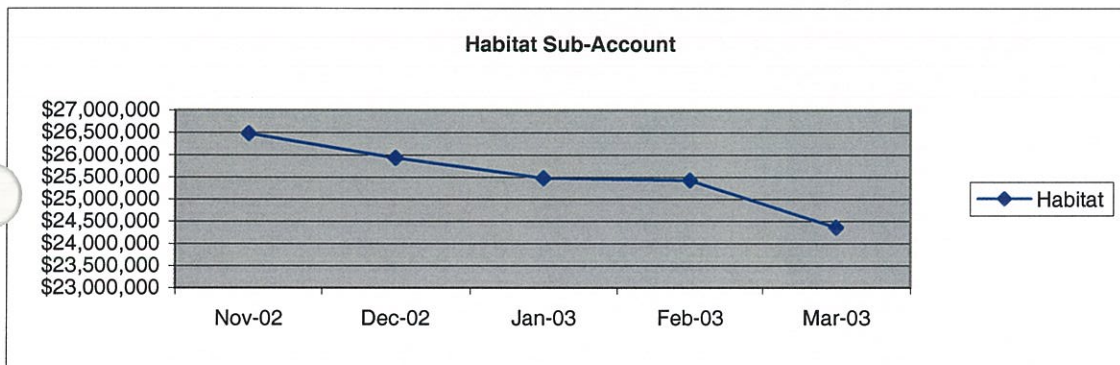
** Inception to Date indicates a term beginning November 1, 2002 to current period ending for performance reporting.

Exxon Valdez Oil Spill Trustee Council Investment Fund Assets by Sub-Account

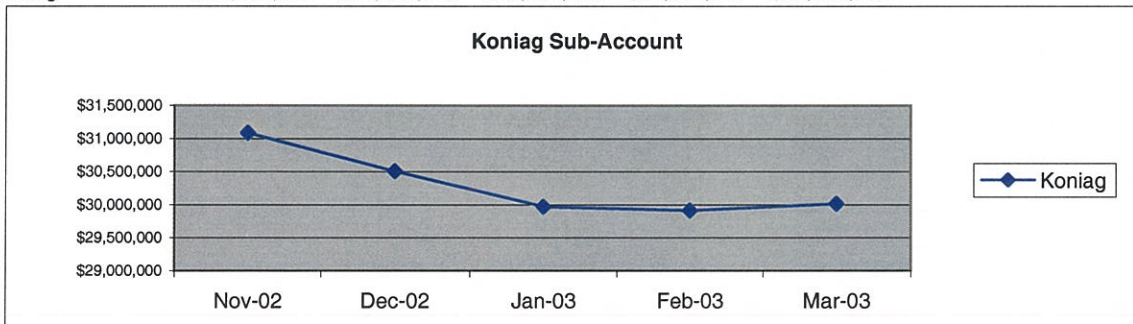
	11/30/02	12/31/02	1/31/03	2/28/03	3/31/03
Research	\$94,064,355	\$90,521,121	\$88,924,607	\$88,730,926	\$89,023,595



	11/30/02	12/31/02	1/31/03	2/28/03	3/31/03
Habitat	\$26,473,447	\$25,924,938	\$25,467,114	\$25,419,033	\$24,358,171



	11/30/02	12/31/02	1/31/03	2/28/03	3/31/03
Koniag	\$31,084,308	\$30,504,609	\$29,968,968	\$29,914,517	\$30,012,638



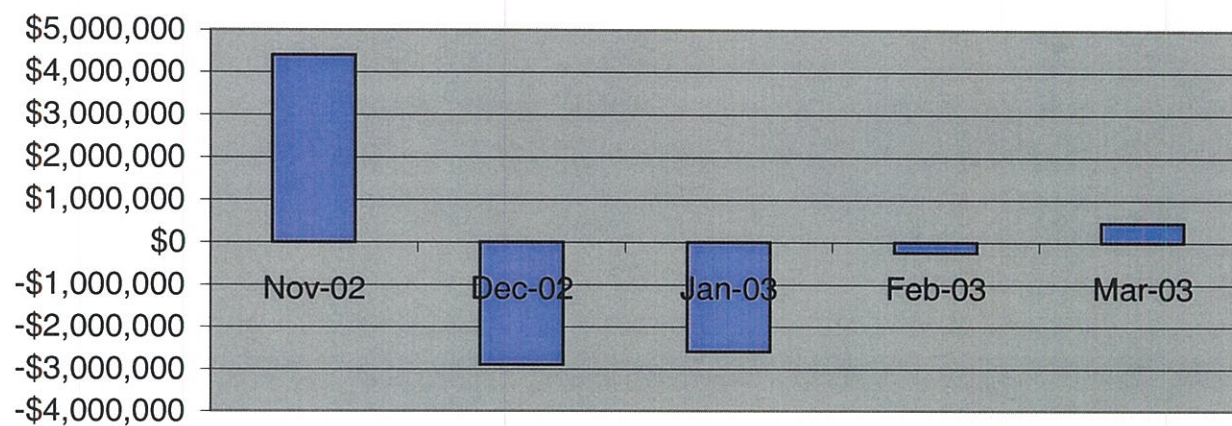
	11/30/02	12/31/02	1/31/03	2/28/03	3/31/03
TOTAL OF 3 SUB-ACCOUNTS	\$151,622,110	\$146,950,669	\$144,360,688	\$144,064,475	\$143,394,403

NOTE: From time of establishment of 3 sub-accounts to present.

NOTE: From time of establishment of 3 sub-accounts to present.

30-Nov-02	31-Dec-02	31-Jan-03	28-Feb-03	31-Mar-03
\$4,401,419	-\$2,895,333	-\$2,589,980	-\$245,252	\$459,928

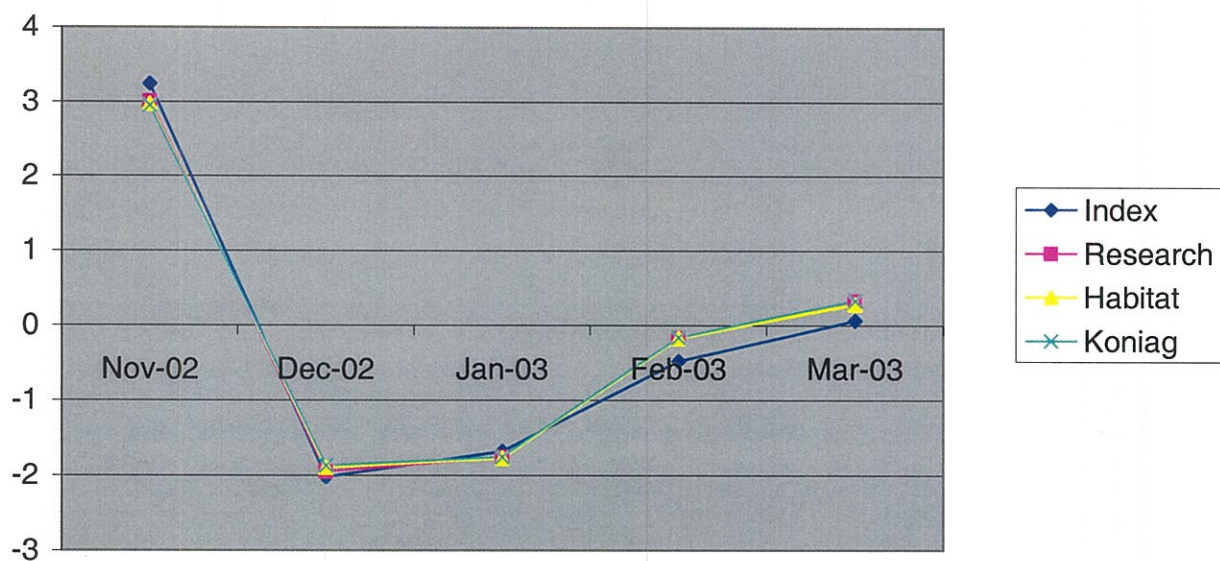
Exxon Valdez Oil Spill Trustee Council
Investment Fund Income (Loss)
(3 sub-accounts combined)



NOTE: From time of establishment of 3 sub-accounts to present.

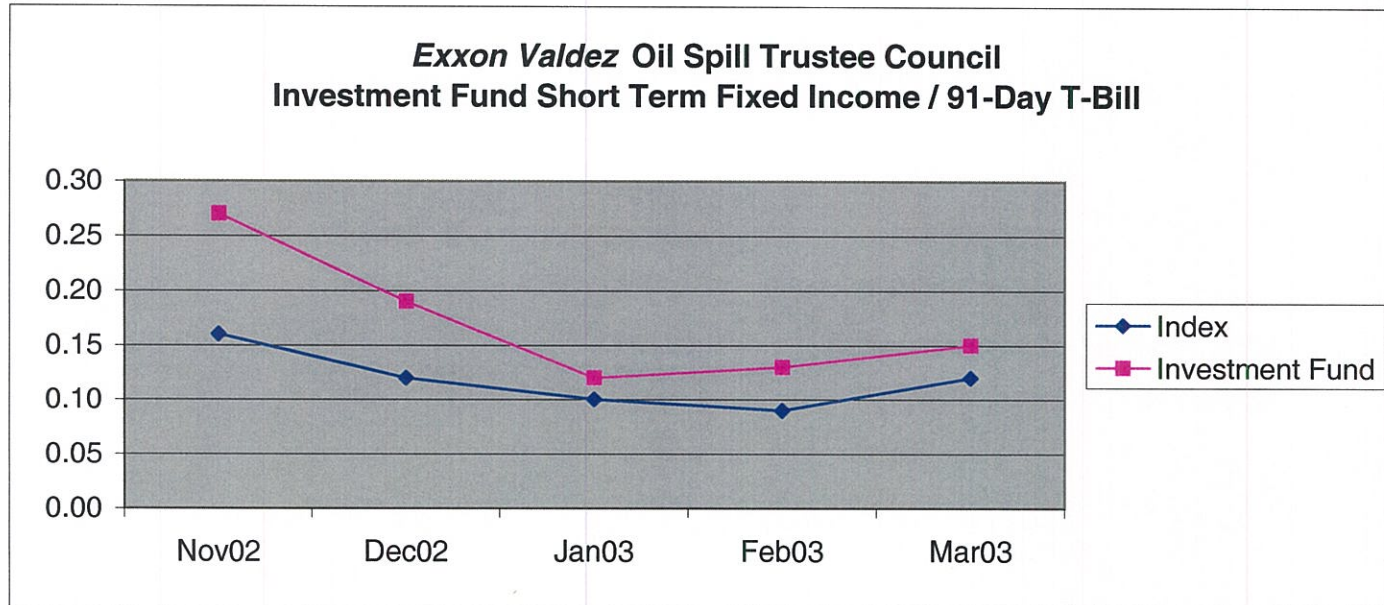
	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03
Index	3.24	-2.02	-1.68	-0.48	0.06
Research	3.01	-1.95	-1.76	-0.17	0.33
Habitat	2.97	-1.89	-1.77	-0.17	0.28
Koniag	2.95	-1.87	-1.76	-0.16	0.33

Exxon Valdez Oil Spill Trustee Council Investment Fund Index



NOTE: From time of establishment of 3 sub-accounts to present.

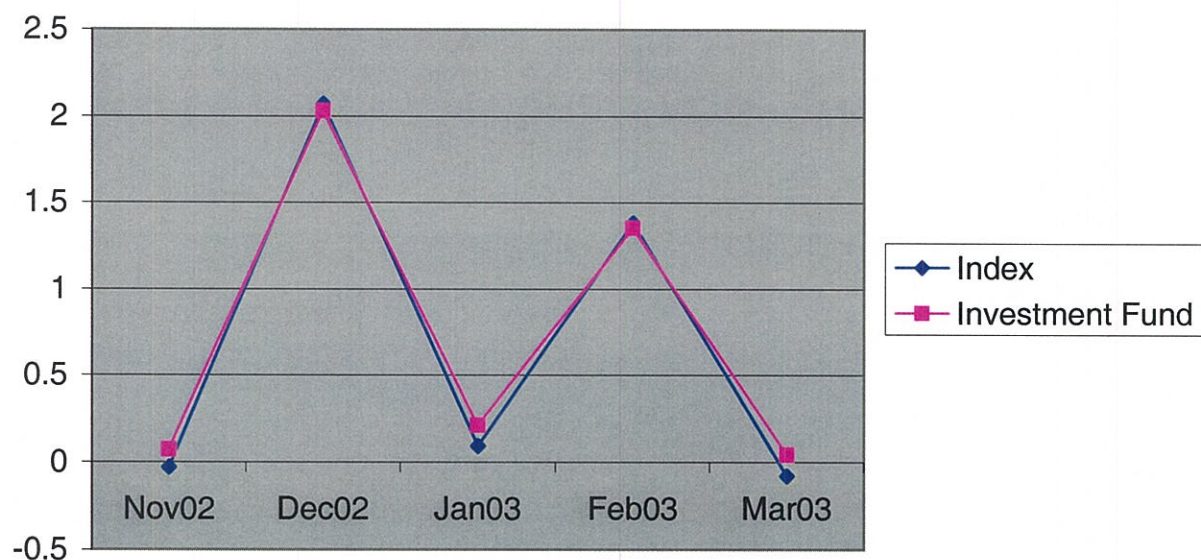
	Nov02	Dec02	Jan03	Feb03	Mar03
Index	0.16	0.12	0.10	0.09	0.12
Investment Fund	0.27	0.19	0.12	0.13	0.15



NOTE: From time of establishment of 3 sub-accounts to present.

	Nov02	Dec02	Jan03	Feb03	Mar03														
Index	-0.03	2.07	0.09	1.38	-0.08														
Investment Fund	0.07	2.03	0.21	1.35	0.04														

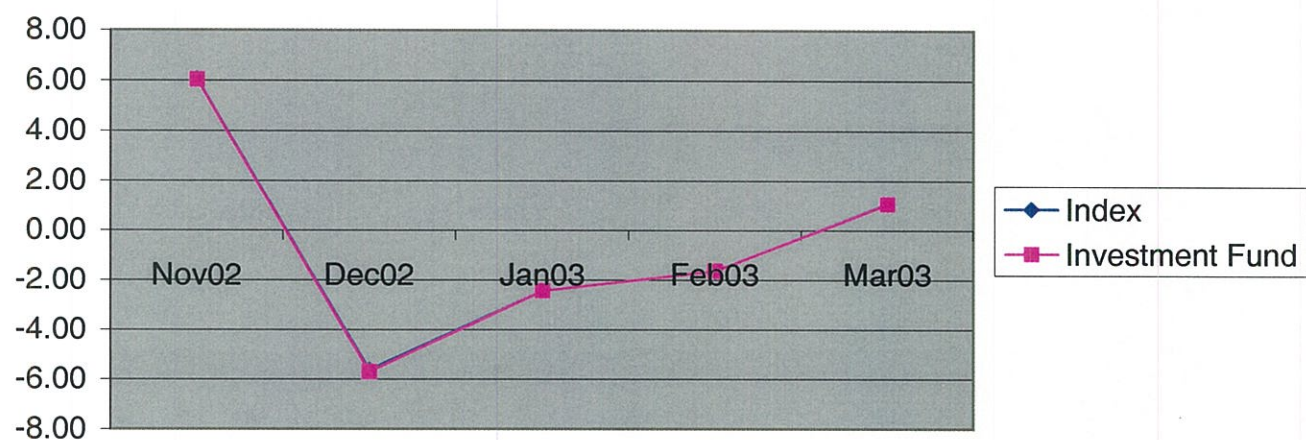
Exxon Valdez Oil Spill Trustee Council
Investment Fund Broad Market / Lehman Brothers
Aggregate Index



NOTE: From time of establishment of 3 sub-accounts to present.

	Nov02	Dec02	Jan03	Feb03	Mar03
Index	6.05	-5.65	-2.45	-1.65	1.05
Investment Fund	6.02	-5.72	-2.45	-1.65	1.04

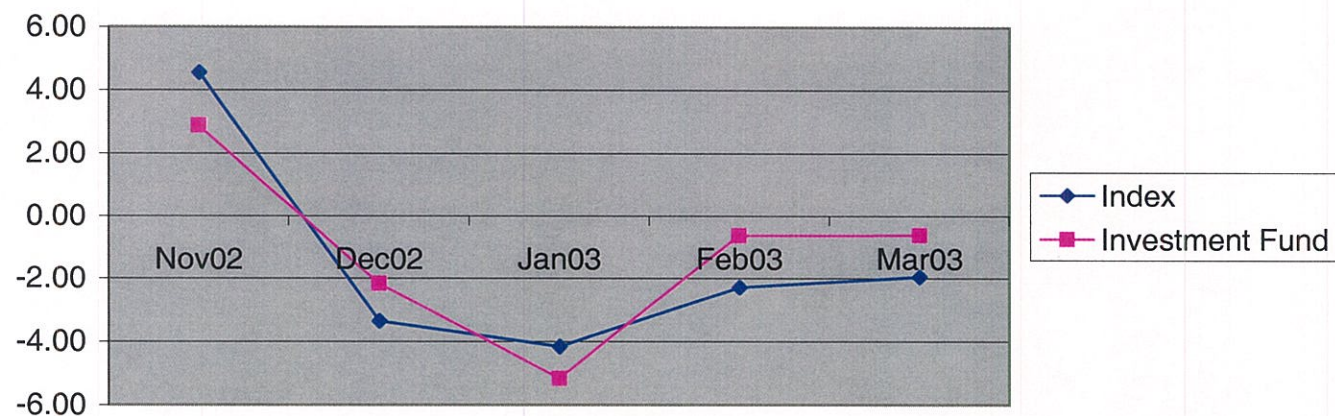
Exxon Valdez Oil Spill Trustee Council
Investment Fund Domestic Equity / Russell 3000 Index



NOTE: From time of establishment of 3 sub-accounts to present.

	Nov02	Dec02	Jan03	Feb03	Mar03
Index	4.54	-3.36	-4.17	-2.29	-1.96
Investment Fund	2.88	-2.17	-5.17	-0.63	-0.62

Exxon Valdez Oil Spill Trustee Council
Investment Fund International Equity / Morgan Stanley Capital Intl.



NOTE: From time of establishment of 3 sub-accounts to present.

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCann
Executive Director

RE: Asset Allocation Policy: Annual Review & Recommendations

DATE: April 14, 2003

The Trustee Council's Investment Policy (adopted February 29, 2000) calls for the Council to evaluate, at least annually, its strategic asset allocation policy. The Council's review is to include review of recommendations from the Executive Director, following her consultation with the Investment Working Group. As Executive Director, I met with the Investment Working Group (IWG) on April 10, 2003 to review the asset allocation policy. This review included a review and discussion of the Callan Associates, Inc. 2003 capital market projections. Callan Associates, Inc. is an independent financial consultant under contract to the Alaska Department of Revenue.

Recommendations

Following review and discussion, the IWG recommended that the Trustee Council basically "stay the course" with its asset allocation policy, but with a modest revision to the allocation in order to maintain an expected real rate of return of 5%. This recommendation is based on an acknowledgement that the Council's goals for the Investment Fund have not changed, that our investment horizon is the long term, that history shows a recession is almost always followed by a strong rebound, and that other State funds, university endowments, and foundations have also discussed the current economic situation and decided to stay the course. The IWG also recommended that the Council revisit the asset allocation in Fall 2003, perhaps in conjunction with the investment management training that is required under the Council's Investment Policy.

Discussion

The Trustee Council's current asset allocation policy (adopted April 24, 2000) and the IWG's recommended asset allocation policy are presented in Table 1. Note that the policy includes specific target allocations with established "variability bands". These bands provide flexibility to the fund managers and prevent constant rebalancing of the funds.

Table 1

	<u>Current Policy</u>	<u>IWG Recommendation</u>
Domestic Equities (Broad Market)	41% ± 7%	45% ± 7%
International Equities	17% ± 5%	19% ± 5%
Fixed Income	42% ± 7%	36% ± 7%

Federal Trustees

U.S. Department of the Interior
U.S. Department of Agriculture
National Oceanic and Atmospheric Administration

State Trustees

Alaska Department of Fish and Game
Alaska Department of Environmental Conservation
Alaska Department of Law

A 5% real rate of return was the basis for the Trustee Council's original asset allocation policy. According to the Callan 2003 market projections, as illustrated in Table 2, without revising the asset allocation policy (i.e., if the Council maintains the status quo of 41%-17%-42%), our expected real rate of return in 2003 would drop to 4.72%. Callan projects a general decline in expected returns across all asset classes in 2003, stemming from lower inflation (projected to decline from 2.9% to 2.6%) and lower bond yields (projected to decline from 5.75% to 4.75 %). Reallocating to maintain the 5% real rate of return therefore carries a slightly higher projected risk—the projected standard deviation would increase from 10.69% to 11.67%. This is an indication that the recommended allocation is slightly more volatile than the current allocation.

Table 2

Calendar Year	Projected Risk	Projected Rate of Return	Projected Inflation	Projected Real Return	Actual Rate of Return	Actual Inflation*	Actual Real Return
W/CURRENT TARGETS OF 41% DOMESTIC EQUITY, 17% INT'L EQUITY, 42% FIXED INCOME:							
2000	10.59%	8.25%	3.25%	5.0%	**	**	**
2001	10.478%	8.147%	3.25%	4.9%	-2.01%	1.6%	-3.61%
2002	10.879%	7.911%	2.9%	5.01%	-7.28%	2.4%	-9.68%
2003	10.69%	7.32%	2.6%	4.72%			
W/RECOMMENDED TARGETS OF 45% DOMESTIC EQUITY, 19% INT'L EQUITY, 36% FIXED INCOME:							
2003	11.67%	7.6%	2.6%	5.0%			

Because of the established variability bands, adoption of the recommended asset allocation policy would not immediately result in a significant shifting of funds between asset classes (see Table 3). Rather, funds would likely be shifted—to get closer to the center of each target—as opportunities arise, either due to practical opportunities (such as deposits to or withdrawals from the Investment Fund) or strategic opportunities. Under the Trustee Council's rebalancing policy, the Executive Director is authorized to move assets among asset classes provided that such actions are within the variability bands. Any asset shifts made at the Executive Director's discretion must be reported at the next Council meeting.

Table 3

	Current Actual Allocation (4/3/03)	IWG Recommendation Variability Bands
Domestic Equities (Broad Market)	40%	38-52%
International Equities	16%	14-24%
Fixed Income	44%	29-43%

Attachments

- The most recent EVOS Investment Fund Reports (February 28, 2002), prepared by the Alaska Department of Revenue, are attached. You will see that the Investment Fund's portfolio performance compares favorably to passively-managed benchmarks. The March Investment Fund Reports will be available just prior to the April 23 Trustee Council meeting, and will be provided to you in advance of the meeting.
- A presentation on the EVOS Investment Fund, based on the Callan Associates 2003 Capital Market Projections, is also attached. Gary Bader, the Chief Investment Officer for the Alaska Department of Revenue, delivered this presentation to the IWG and will deliver it to the Trustee Council at the April 23 meeting.

STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund

SCHEDULE OF INVESTED ASSETS

February 28, 2003 and 2002

Investments (at fair value)	<u>2003</u>	<u>2002</u>
Research Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	\$ 1,833	\$ 208,655
Marketable debt and equity securities		
Broad Market Fixed Income Pool	39,214,574	73,275,581
Non-retirement Domestic Equity Pool	35,054,297	78,115,740
SOA International Equity Pool	<u>14,460,222</u>	<u>30,330,853</u>
Total Research Investment	<u>88,730,926</u>	<u>181,930,829</u>
Habitat Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	11,229,357	-
Non-retirement Domestic Equity Pool	10,037,018	-
SOA International Equity Pool	<u>4,152,659</u>	<u>-</u>
Total Habitat Investment	<u>25,419,033</u>	<u>-</u>
Koniag Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	13,300,710	-
Non-retirement Domestic Equity Pool	11,753,252	-
SOA International Equity Pool	<u>4,860,554</u>	<u>-</u>
Total Koniag Investment	<u>29,914,517</u>	<u>-</u>
Total invested assets	<u>\$ 144,064,475</u>	<u>\$ 181,930,829</u>

STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund

SCHEDULE OF INVESTMENT INCOME
AND CHANGES IN INVESTED ASSETS

For the period ended February 28, 2003

Investment Income	CURRENT MONTH	FEDERAL YEAR TO DATE
Research Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	\$ 3	\$ 175
Marketable debt and equity securities		
Broad Market Fixed Income Pool	524,831	925,486
Non-retirement Domestic Equity Pool	(587,662)	1,988,521
SOA International Equity Pool	(89,575)	265,546
Commission Recapture	-	1,947
Total investment income (loss) Research Investment	(152,403)	3,181,675
Habitat Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	150,281	239,900
Non-retirement Domestic Equity Pool	(168,264)	403,043
SOA International Equity Pool	(25,724)	84,312
Commission Recapture	-	552
Total investment income (loss) Habitat Investment	(43,707)	727,807
Koniag Investment		
Cash and cash equivalents		
Short-term Fixed Income Pool	-	-
Marketable debt and equity securities		
Broad Market Fixed Income Pool	178,002	499,924
Non-retirement Domestic Equity Pool	(197,035)	(391,558)
SOA International Equity Pool	(30,109)	10,842
Commission Recapture	-	616
Total investment income (loss) Koniag Investment	(49,143)	119,825
Total investment income (loss)	(245,252)	4,029,307
Total invested assets, beginning of period	144,360,688	142,318,237
Net contributions (withdrawals):		
Research Investment	(41,278)	(56,768,986)
Habitat Investment	(4,374)	24,691,226
Koniag Investment	(5,308)	29,794,692
Total invested assets, end of period	\$ 144,064,475	\$ 144,064,475

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION

Exxon Valdez Oil Spill Investment Fund
Asset Allocation Policy (effective 4/24/00) with Actual Investment Holdings as of
February 28, 2003

EVOS RESEARCH INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		1,830.43	0.00%	0.00%
Total cash and cash equivalents	0.00%		1,830.43	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	39,214,573.85	44.19%	-2.19%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	35,054,297.12	39.51%	1.49%
SOA International Equity Pool	17.00%	12% - 22%	14,460,221.51	16.30%	0.70%
Total marketable debt securities	100.00%		88,729,092.48	100.00%	0.00%
Total holdings	100.00%		88,730,922.91	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			2.82		
Total Invested Assets at Fair Value			88,730,925.73		

EVOS HABITAT INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		-	0.00%	0.00%
Total cash and cash equivalents	0.00%		-	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	11,229,356.69	44.18%	-2.18%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	10,037,017.55	39.49%	1.51%
SOA International Equity Pool	17.00%	12% - 22%	4,152,658.65	16.34%	0.66%
Total marketable debt securities	100.00%		25,419,032.89	100.00%	0.00%
Total holdings	100.00%		25,419,032.89	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			-		
Total Invested Assets at Fair Value			25,419,032.89		

EVOS KONIAG INVESTMENT

	Asset Allocation		Fair value	Current Allocation	Variance
	Policy	Range			
Cash and cash equivalents					
Short-term Fixed Income Pool	0.00%		-	0.00%	0.00%
Total cash and cash equivalents	0.00%		-	0.00%	0.00%
Marketable debt and equity securities					
Broad Market Fixed Income Pool	42.00%	35% - 49%	13,300,710.47	44.46%	-2.46%
Non-retirement Domestic Equity Pool	41.00%	34% - 48%	11,753,252.04	39.29%	1.71%
SOA International Equity Pool	17.00%	12% - 22%	4,860,554.13	16.25%	0.75%
Total marketable debt securities	100.00%		29,914,516.64	100.00%	0.00%
Total holdings	100.00%		29,914,516.64	100.00%	0.00%
Short-term Fixed Income Pool Interest Receivable			-		
Total Invested Assets at Fair Value			29,914,516.64		

Exxon Valdez Oil Spill Research Investment Fund

Period Ending February 28, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY02 EVOS Research Investment Fund <i>EVOS Investment Fund Index</i>	88,730	-0.17 -0.48	-3.84 -4.13	-1.93 -2.15	2.82 2.92	-5.30 -7.06
Short-term Fixed Income Pool <i>91 day T-Bill</i>	1	0.13 0.09	0.45 0.31	0.26 0.19	0.77 0.62	3.56 3.21
Broad Market Fixed Income Pool <i>Lehman Brothers Aggregate Index</i>	39,215	1.35 1.38	3.63 3.58	1.57 1.48	2.72 3.07	10.02 10.26
Non-Retirement Domestic Equity Pool <i>Russell 3000 Index</i>	35,054	-1.65 -1.65	-9.54 -9.48	-4.06 -4.05	3.53 3.65	-18.02 -18.79
SOA International Equity Pool <i>Morgan Stanley Capital Intl. (EAFE)</i>	14,460	-0.63 -2.29	-7.81 -9.52	-5.76 -6.37	1.32 -0.33	-14.90 -18.74

Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

** Inception to Date indicates a term beginning November 1, 2000 to current period ending for performance reporting.

Exxon Valdez Oil Spill Habitat Investment Fund

Period Ending February 28, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY2H EVOS Habitat Investment Fund	25,419	-0.17	-3.78	-1.93	N/A	-0.93
EVOS Investment Fund Index		-0.48	-4.13	-2.15	N/A	-1.02
Short-term Fixed Income Pool	-	0.13	0.45	0.26	N/A	0.72
91 day T-Bill		0.09	0.31	0.19	N/A	0.47
Broad Market Fixed Income Pool	11,229	1.35	3.63	1.57	N/A	3.71
Lehman Brothers Aggregate Index		1.38	3.58	1.48	N/A	3.55
Non-Retirement Domestic Equity Pool	10,037	-1.65	-9.54	-4.06	N/A	-4.10
Russell 3000 Index		-1.65	-9.48	-4.05	N/A	-4.00
SOA International Equity Pool	4,153	-0.63	-7.81	-5.76	N/A	-5.15
Morgan Stanley Capital Intl. (EAFE)		-2.29	-9.52	-6.37	N/A	-5.41

Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

** Inception to Date indicates a term beginning November 1, 2002 to current period ending for performance reporting.

Exxon Valdez Oil Spill Koniag Investment Fund

Period Ending February 28, 2003

	<u>Mkt Value (\$M)</u>	<u>Monthly Return</u>	<u>3 Mo. Return</u>	<u>Calendar YTD</u>	<u>Federal Fiscal YTD*</u>	<u>Inception to Date**</u>
AY2J EVOS Koniag Investment Fund	29,915	-0.16	-3.75	-1.92	N/A	-0.91
EVOS Investment Fund Index		-0.48	-4.13	-2.15	N/A	-1.02
Short-term Fixed Income Pool		0.13	0.45	0.26	N/A	0.72
91 day T-Bill		0.09	0.31	0.19	N/A	0.47
Broad Market Fixed Income Pool	13,301	1.35	3.63	1.57	N/A	3.71
Lehman Brothers Aggregate Index		1.38	3.58	1.48	N/A	3.55
Non-Retirement Domestic Equity Pool	11,753	-1.65	-9.54	-4.06	N/A	-4.10
Russell 3000 Index		-1.65	-9.48	-4.05	N/A	-4.00
SOA International Equity Pool	4,861	-0.63	-7.81	-5.76	N/A	-5.15
Morgan Stanley Capital Intl. (EAFE)		-2.29	-9.52	-6.37	N/A	-5.41

Source: State Street Bank, Insight.

* Federal Fiscal YTD indicates a term beginning October 1, 2002 to current period ending.

** Inception to Date indicates a term beginning November 1, 2002 to current period ending for performance reporting.

Exxon Valdez Oil Spill Trustee Council

Performance Review & Asset Allocation

April 23, 2003

Review of Performance

Broad Market Equity

(Period Ending February 28, 2003)

	<u>3 Mo.</u>	<u>YTD</u>	<u>FYTD</u>	<u>1 Year</u>
EVOS Russell 3000 Index	-9.54	-4.06	-14.29	-22.22
Russell 3000 Index	-9.48	-4.05	-14.22	-22.17

Fixed Income Pool

(Period Ending February 28, 2003)

	<u>3 Mo.</u>	<u>YTD</u>	<u>FYTD</u>	<u>1 Year</u>
Broad Market Fixed Income Pool	3.63	1.57	7.54	9.45
Lehman Bros. Aggregate	3.58	1.48	7.80	9.93

International Equity

(Period Ending February 28, 2003)

	<u>3 Mo.</u>	<u>YTD</u>	<u>FYTD</u>	<u>1 Year</u>
EVOS SOA Intl. Equity Pool	-7.81	-5.76	-15.62	-11.39
MSCI EAFE	-9.52	-6.37	-20.00	-17.46

Rates of Return

(Period Ending February 28, 2003)

	MKT VAL.				
	<u>\$(M)</u>	<u>3 Mo.</u>	<u>YTD</u>	<u>FYTD</u>	<u>1 Year</u>
EVOS Investment Fund	88,731	-3.84	-1.93	-5.53	-7.77
EVOS Habitat Investment Fund	25,419	-3.78	-1.93		
EVOS Koniag Investment Fund	29,914	-3.75	-1.92		
EVOS Investment Fund Index		-4.13	-2.15	-6.19	-8.47

Capital Market Projections

Callan Capital Market Projection Process

How do we make projections?

- Evaluate the current environment and economic outlook for the U.S. and other major industrial countries:
 - Business cycles, relative growth, inflation
- Examine the relationships between the economy and asset class performance patterns
- Examine recent and long-run trends in asset class performance
- Market insight:
 - Consultant experience
 - Industry consensus
 - Client Policy Review Committee
- Test the projections for reasonable results



2003 Capital Market Outlook

Guiding Objectives

- Our best thinking regarding the 5-year outlook, recognizing our median projections will be wrong.
- Results that are readily defensible both for individual asset classes and for total portfolios.
- Minimize changes suggested in strategic allocations for DB, DC and foundation/endowment clients.
- Reflect common sense and recent market developments.
- Conflicting goals and conflicting opinions.



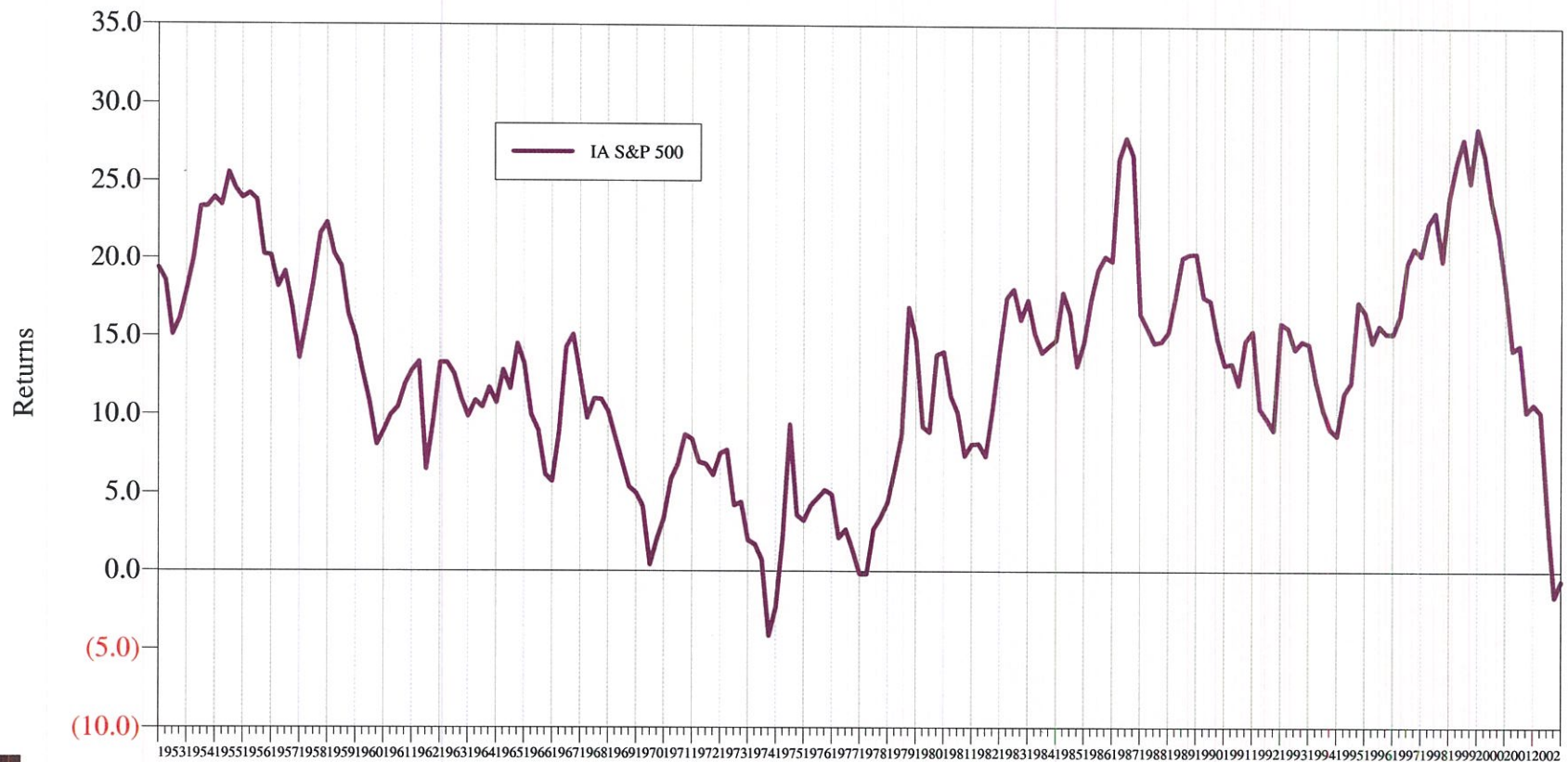
Longest Equity Bear Market Since 1930's Roles of the 90s Reverse as Bonds Rule

	<u>2000 Returns</u>	<u>2001 Returns</u>	<u>2002 Returns</u>
Russell 3000	-7.46	-11.46	-21.54
S&P Super Composite 1500	-6.98	-10.64	-21.31
Russell 1000	-7.79	-12.45	-21.65
S&P 500	-9.10	-11.88	-22.10
Russell 2000	-3.02	2.49	-20.48
S&P 600 Small Cap	11.80	6.54	-14.63
EAFE (\$US)	-14.17	-21.44	-15.94
LB Aggregate	11.63	8.43	10.25
SB Non-US Bonds	-2.63	-3.54	21.99



Rolling 5 Year Returns for Stocks

Rolling 20 Quarter Returns
for 50 Years Ended December 31, 2002



Cumulative Return Comparison Table

Stocks, Bonds & Cash

Important to Keep Perspective

Returns for Periods Ended December 31, 2002

	5 Years	10 Years	20 Years	30 Years	40 Years
Cash	4.49	4.61	5.94	6.96	6.36
Bonds	7.44	6.91	8.74	8.51	7.52
Stock	-0.59	9.34	12.71	10.68	10.49

Growth of a \$ for Periods Ended December 31, 2002

	5 Years	10 Years	20 Years	30 Years	40 Years
Cash	1.25	1.57	3.17	7.53	11.80
Bonds	1.43	1.95	5.35	11.59	18.15
Stock	0.97	2.44	10.94	20.99	54.14



The Current Economic Environment

- The recession is over, but what will the recovery look like?
- Economy is growing, but unemployment is stuck at 6%
- Business investment continues to be weak
- Treasury bonds yields are at their lowest in 40-years, due to:
 - Aggressive Fed action to lower interest rates
 - Investors exiting equity in favor of bonds, driving yields lower
- Credit spreads and equity risk premium are higher than normal
- Disappearing federal surplus and higher state and local deficits
- However:
 - inflation fell from 3% to 1.5%
 - tax cuts and lower interest rates freed up funds for the consumer
 - consumers keep spending, housing and cars sales surged
 - government is also spending to boost the economy
 - confidence is recovering



2003 Capital Market Projections

- Economic recovery will continue, but slowly.
- Inflation will remain low, but little risk of deflation.
- Consumer spending will slow, in line with disposable income.
- Fiscal stimulus from the Feds will help, but state and local governments will be cutting back.
- Surplus is gone --- higher Treasury yields at the shorter end.
- Feds will ultimately shift to tightening monetary policy.
- Capital spending will follow GDP growth.
- Stock market recovery will be slow.
- Housing market will start to cool.



2003 Capital Market Projections

- General decline in expected returns across all asset classes, stemming from lower inflation and lower bond yields.
- Inflation is lowered by 0.3%, but still depicts inflation rising from current low levels.
- Cash returns reflect rising short-term yields, but still low real return of 0.4%
- Bond returns lowered from 5.75% to 4.75% :
 - reflects current yield-to-worst, plus small adjustment
 - build in moderate increase in short rates, relatively stable long rates, narrowing of credit spreads.
- Equity returns built from fundamentals: 3-4% real GDP growth, 2% dividend yield, 0.5%-1% “buyback” yield.
- Real estate lowered from 8% to 7.6%, reflecting lower inflation and further declines in residential and nonresidential valuations.
- Private equity lowered to 12%, primarily due to weaker venture capital sector.



2003 Capital Market Projections

Asset Class	Index	Projected Annual Return	Projected Standard Deviation (Risk)	2003 "Sharpe"	2002 Projections		2002 "Sharpe"
Equities							
Broad Domestic Equity	S&P 1500	9.00%	17.30	0.34682	9.30	17.20	0.33721
Large Cap	S&P 500	8.70%	16.20	0.35185	9.00	16.00	0.34375
Small Cap	S&P 1000	10.30%	25.00	0.29200	10.60	25.00	0.28400
International Equity	EAFE	9.60%	21.50	0.30698	9.90	21.50	0.29767
Fixed Income							
Domestic Fixed	LB Agg	4.75%	4.50	0.38889	5.75	5.00	0.45000
Non US\$ Fixed	SB Non US	4.65%	9.60	0.17188	5.60	9.60	0.21875
Other							
Real Estate	CRES	7.60%	16.50	0.27879	8.00	16.50	0.27273
Alternative Investments	VECO PSCI	12.00%	34.00	0.26471	12.25	35.00	0.25000
Cash Equivalents	T-bill	3.00%	0.70		3.50	0.70	
Inflation	CPI-U	2.60%	1.00		2.90	1.00	



2003 Correlation Coefficient Matrix Key to Constructing Efficient Portfolios

	Broad	Lrg Cap	Sml Cap	Int'l Eq	Dom Fix	NUS Fix	Real Est	Alt Inv	T-Bill
Broad Dom Eq	1.00								
Large Cap Eq	0.96	1.00							
Small Cap Eq	0.92	0.82	1.00						
Int'l Equity	0.72	0.73	0.60	1.00					
Domestic Fixed	0.25	0.27	0.16	0.22	1.00				
Non \$US Fixed	0.01	0.03	-0.03	0.20	0.32	1.00			
Real Estate	0.62	0.63	0.52	0.50	0.20	0.03	1.00		
Alt Inv	0.64	0.63	0.59	0.63	0.20	0.10	0.45	1.00	
T-Bills	-0.12	-0.10	-0.15	-0.25	0.30	-0.05	-0.06	0.07	1.00

shaded cells are changed from 2002



Efficient Frontiers

Allocations Using Current Asset Classes.

INPUT AREA

(input % numbers as .XX)

Asset Allocation

Equity - Broad Market
Equity - Large Cap
Equity - Small Cap
Equity - International
Bonds - Aggregate
Bonds - Gov 1-5
Bonds - International
Real Estate
Cash Equivalents

3-Apr

Target

Recommended

39.78%	41.00%	44.81%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
16.14%	17.00%	19.50%
44.08%	42.00%	35.69%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%

% Assets Invested

100.00%

100.00%

100.00%

Estimated Inflation Rate

2.60%

2.60%

2.60%

Calculations

1 Yr Portfolio Expected Total Return
1 Yr Portfolio Expected Yield
1 Yr Portfolio Expected Standard Deviation
1 Yr Portfolio Expected Total Real Return
Probability of a Negative Return

3-Apr

Target

Recommended

7.22%

7.32%

7.60%

3.04%

2.97%

2.77%

10.37%

10.69%

11.67%

4.62%

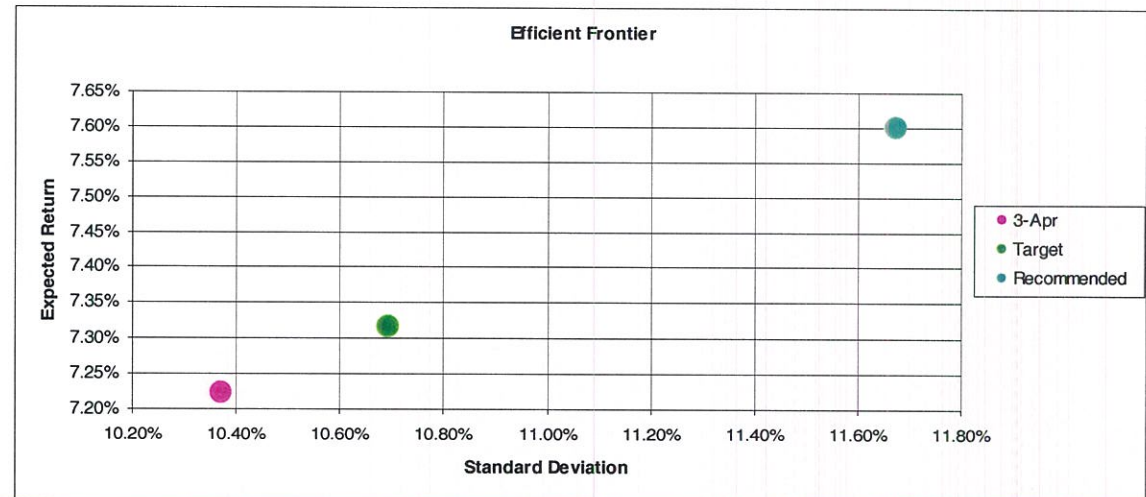
4.72%

5.00%

24.31%

24.69%

25.75%



Expected Rates of Return.

Exxon Valdez Oil Spill Trustee Council

INPUT AREA

(input % numbers as .XX)

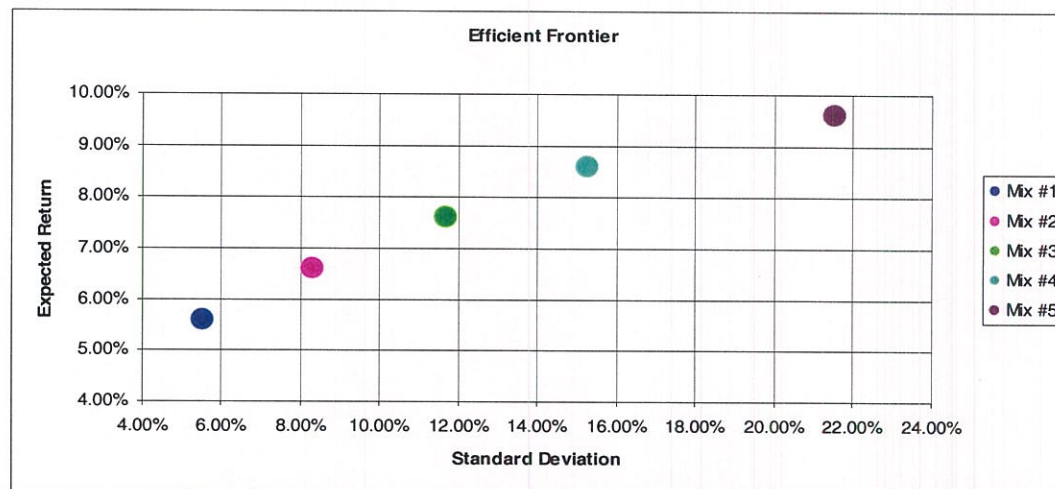
Asset Allocation

Equity - Broad Market
Equity - Large Cap
Equity - Small Cap
Equity - International
Bonds - Aggregate
Bonds - Gov 1-5
Bonds - International
Real Estate
Cash Equivalents

Mix #1	Mix #2	Mix #3	Mix #4	Mix #5
14.01%	29.41%	44.81%	60.21%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
5.25%	12.37%	19.50%	26.62%	100.00%
80.74%	58.22%	35.69%	13.17%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
% Assets Invested	100.00%	100.00%	100.00%	100.00%
Target Return	2.85%	2.85%	2.85%	2.85%
Estimated Inflation Rate	2.60%	2.60%	2.60%	2.60%

Calculations

	Mix #1	Mix #2	Mix #3	Mix #4	Mix #5
1 Yr Portfolio Expected Total Return	5.60%	6.60%	7.60%	8.60%	9.60%
1 Yr Portfolio Expected Yield	4.16%	3.47%	2.77%	2.08%	1.40%
1 Yr Portfolio Expected Standard Deviation	5.52%	8.31%	11.67%	15.23%	21.50%
1 Yr Portfolio Expected Total Real Return	3.00%	4.00%	5.00%	6.00%	7.00%
Probability of a Negative Return	15.53%	21.35%	25.75%	28.62%	32.76%



EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS -- FY 03 PHASE II WORK PLAN

Proj. No.	Project Title	FY 03 Original Request	FY 03 Revised Request	FY 04 Revised Request	Rec. on FY 03 Deferred	Rec. on FY 04 Deferred	Executive Director's Recom.
GEM: Intertidal/Subtidal Habitat		\$550.8	\$516.3	\$217.7	\$100.0	\$0.0	
G- 030635	Trophic Dynamics: Intertidal Communities	\$205.4	\$205.0	\$186.1	\$100.0		Fund contingent
G- 030682	Nearshore Fisheries Habitat Assessment	\$345.4	\$311.3	\$31.6	\$0.0	\$0.0	Do not fund
GEM: Alaska Coastal Current Habitat		\$174.8	\$187.4	\$15.5	\$80.9	\$15.5	
G- 030552	PWS/GOA Exchange	\$106.5	\$106.5	\$0.0	\$0.0	\$0.0	Do not fund
G- 030670	Monitoring Dynamics of the ACC	\$68.3	\$80.9	\$15.5	\$80.9	\$15.5	Fund
Total:		\$725.6	\$703.7	\$233.2	\$180.9	\$15.5	

FY 03 Summary:

Approved by Trustee Council 8/6/02: \$3,725.2

Approved by Trustee Council 11/25/02: \$1,727.7

Total FY 03 Approved to Date: \$5,452.9

FY 03 Work Plan Cap: \$6,000.0

Amount Remaining Within Cap: \$547.1

Recommendation on Defers: \$180.9

Brings TOTAL APPROVED to: \$5,633.8

EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS--FY 03 PHASE II WORK PLAN

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	FY 03 Original Request	FY 03 Revised Request	Rec. on FY 03 Deferred	FY 04 Rec.
GEM: Intertidal/Subtidal Habitat					\$550.8	\$516.3	\$100.0	\$0.0

G-030635	Trophic Dynamics of Intertidal Soft-sediment Communities: Interaction Between Bottom-up and Top-down Processes	M. Bishop/PWSSC	NOAA	New FY 03-05	\$205.4	\$205.0	\$100.0	
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Project Abstract

Vast expanses of intertidal sand/mudflats serve as a critical link in the food web of nearshore communities along the southcentral Alaska coastline. The rich abundance of benthic invertebrates residing within the sediments of intertidal flats and the large network of subtidal channels that bisect these flats provide a significant prey resource for numerous species of fish, crabs, birds, and marine mammals. One of the largest expanses of intertidal sand/mudflats occurs in the Copper River Delta and eastern Prince William Sound (Orca Inlet). This project will conduct a large-scale field study that examines the physical/chemical and biological factors that limit and/or regulate invertebrate community dynamics. The largely "bottom-up" approach proposed (physical/chemical parameters - phytoplankton/epibenthic production - invertebrate production) is balanced by the largely "top-down" focus of a companion project funded by the Prince William Sound Oil Spill Recovery Institute that examines predator dynamics and assesses their role in invertebrate community dynamics.

STAC Recommendation

At this point, and with the available funding, the reviewers believe that this proposal should not be funded. The proposal is scientifically sound and the proposer are to be commended for addressing the problems that were raised with the earlier version. However, the cost of the proposal is high relative to the potential long-term benefits to the attainment of GEM goals. Do not fund.

Executive Director's Recommendation

Fund contingent on the proposer further revising the proposal to reduce the FY 03 budget to \$100,000 (inclusive of agency general administration and indirect charges) either by reducing the scope of the project or by undertaking Objective 1 only (spatial abundance of macrobenthic species in intertidal sediments). I concur with the STAC's assessment that this is a scientifically sound proposal that could lead to a very good sampling scheme for long term monitoring of mudflat biota, and also agree that the cost of the proposal as originally conceived is high (total request FY 03-05 is \$498,200). This proposal has a strong partnering component with OSRI (Oil Spill Recovery Institute) and the University of Alabama.

EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS--FY 03 PHASE II WORK PLAN

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	FY 03 Original Request	FY 03 Revised Request	Rec. on FY 03 Deferred	FY 04 Rec.
G-030682	Nearshore Fisheries Habitat Assessment in Kodiak Embayments	R. Foy/FITC	ADFG	New FY 03-04	\$345.4	\$311.3	\$0.0	\$0.0

Project Abstract

This project will initiate a two-bay study to assess the forage fish use and relative hydrography of nearshore habitat around Kodiak Island. This study will develop a monitoring program to efficiently assess seasonal fish biomass and their habitat in multiple bays on Kodiak Island. This pilot study will be used to focus future studies on areas that are most important for fish biomass assessment. These data will be important for defining essential habitat of fish species as well as determining the availability of prey for upper trophic levels such as marine mammals and sea birds. A series of vessel surveys to cover the two bays will be conducted in May, June, July and August 2003. Hydroacoustic assessments will be made to calculate relative biomass estimates and relate them to hydrographic structure. This data will be useful for baseline management issues as well as upper trophic level studies.

STAC Recommendation

The proposer made progress in strengthening the proposal and addressing several of the reviewer concerns. However, the proposal is not substantially changed and still contains many of the components that the original reviewers felt were not well thought out and defined. The proposer does not describe how the proposed research integrates with or differs from other nearshore acoustic projects that he is conducting under other funding or to Project 030666/Initial Field Project for Census of Marine Life. A clear link to fisheries management has not been made, although this appears to be the justification for the research. In addition, proposal costs are very high. Do not fund.

Executive Director's Recommendation

Do not fund. This proposal was deferred pending submittal and review of a revised proposal that is reduced in scope (i.e., focuses on one or two bays) and is responsive to peer review comments (reviewers raised concerns about sampling methodology and relationship to other ongoing studies and fisheries management). Although the revised proposal is strengthened, technical concerns remain. [NOTE: Total request FY 03-04 is \$342,900; in revision, some FY 03 costs were moved to FY 04.]

EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS--FY 03 PHASE II WORK PLAN

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	FY 03 Original Request	FY 03 Revised Request	Rec. on FY 03 Deferred	FY 04 Rec.
GEM: Alaska Coastal Current Habitat					\$174.8	\$187.4	\$80.9	\$15.5
G-030552	Exchange Between Prince William Sound and the Gulf of Alaska	S. Vaughan/PWSSC	NOAA	Cont'd FY 03	\$106.5	\$106.5	\$0.0	\$0.0

Project Abstract

One of the least understood physical processes that influence the biological components of Prince William Sound (PWS) is the exchange between the northern Gulf of Alaska (GOA) and the sound. This project will document the seasonal and interannual variability in water mass exchange between PWS and the adjacent GOA at Hinchinbrook Entrance, and identify mechanisms governing this exchange. This project will continue deployment of an upward-looking ADCP (Acoustic Doppler Current Profiler) mooring in Hinchinbrook Entrance to create time series of velocities over a nine-month period. The mooring will be equipped with a CTD (conductivity temperature versus depth) to create a time series of deep temperature (T) and salinity (S). To identify the dominant factors that govern PWS/GOA exchange, the mooring velocity and deep T/S time series will be combined with meteorological time series, numerical circulation model simulations, and physical data collected under previous and existing research programs in PWS and the GOA.

STAC Recommendation

The revised proposal discusses the concerns raised by the reviewers (the ADCP [Acoustic Doppler Current Profiler] needs to be deployed for twelve months, with data collected several times each year, and a sampling strategy to measure the movement of water in the surface layer needs to be presented) but does not provide solutions to the problems that led to those concerns. The proposer indicates that funding for an additional ADCP and a current meter has been requested from the North Pacific Research Board. The additional instrumentation might provide additional data that would address some of the reviewers' concerns. Although partnerships are highly desirable in funding monitoring programs, there is no guarantee that NPRB funding will be made available to help address the deficiencies with a single ADCP attempting to capture needed current information in Prince William Sound. Do not fund.

Executive Director's Recommendation

Do not fund. Information on flows between Prince William Sound and the northern Gulf of Alaska is important to the GEM program, and the Prince William Sound Science Center is the logical entity to obtain that information. However, there is concern that this proposal will not provide the data required to characterize this flow. The proposer sought funding from the North Pacific Research Board to help address this concern, and Trustee Council consideration was deferred pending action by the NPRB. At its March 2003 meeting, NPRB declined to support the project.

EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS--FY 03 PHASE II WORK PLAN

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	FY 03 Original Request	FY 03 Revised Request	Rec. on FY 03 Deferred	FY 04 Rec.
G-030670	Monitoring Dynamics of the Alaska Coastal Current and Development of Applications for Management of Cook Inlet Salmon	M. Willette/ADF&G S. Pegau/Kachemak Bay RR	ADFG	New FY 03-04	\$68.3	\$80.9	\$80.9	\$15.5

Project Abstract

This project will demonstrate the technical feasibility of using a vessel of opportunity to collect physical oceanographic and fisheries data along a transect across lower Cook Inlet from Anchor Point to the Red River delta. Logistical support for the field sampling will be provided in part by the Alaska Department of Fish and Game, which has chartered a vessel annually to fish along this transect each day during July. A single year of data collection is proposed, to demonstrate the feasibility of obtaining oceanographic data as part of a fisheries survey. However, a long-term monitoring program is envisioned. If feasibility is established, investigators will in future years use physical oceanographic data collected by the project to improve management of Cook Inlet salmon through improved inseason salmon run projections. Several hypotheses regarding effects of changing oceanographic conditions on salmon migratory behavior will then be tested. The oceanographic data collected by the project will provide for valuable validation of remote sensing products, improved understanding of ocean dynamics in lower Cook Inlet, and a highly powerful statistical evaluation of the oil spill risk analysis models.

STAC Recommendation

The proposal continues to make a strong case for its fishery management implications. Technical concerns regarding physical oceanography previously expressed by the STAC have been addressed, except that, as written, the proposal is not likely to resolve the eddy structure. In order to do this, it would need to be coupled with a tide resolving model. Use of CODAR (Coastal Radar) data and other physical models that are available for Cook Inlet would significantly strengthen the potential results of this research. Fund contingent upon incorporation of CODAR data and other physical models into the data analysis portion of the project.

Executive Director's Recommendation

Fund revised proposal, which incorporates CODAR (Coastal Radar) data and other physical models into the data analysis portion of the project. This proposal was deferred pending submittal and review of a revised proposal that addresses the STAC's concerns. The results of this project could make a positive contribution to fisheries management. The relation between sockeye salmon run timing, salinity, currents and temperature is not well understood.

**Schedule for Development of FY 04 Work Plan
(Based on TC Approval of Invitation at 4/23/03 Meeting)**

May 1, Thurs.	Invitation posted on web
May 26, Monday	Memorial Day
June 6-8, Fri-Sun	PAC meeting (in conjunction with field trip) on administrative budget for FY 04 and community involvement plan
June 16, Monday by June 20, Friday	Proposals due DHL/FedEx 1st CD of proposals to STAC & Trustee agencies; e-mail proposals to technical reviewers
Mon., June 16-Tues., July 15	Peer review period
Tuesday, July 22	DHL/FedEx 2nd CD of review material to STAC
* Aug. 4-5, Mon-Tues	STAC meet to evaluate proposals
August 8, Friday	Staff meet with Executive Director to develop draft recommendation
* Aug. 13, Wednes.	PAC teleconference: Advise on final recommendation (Trustee agency reps. also attend)
August 18, Monday	Draft work plan posted on web
Aug. 18-22, Mon-Fri	Letters to proposers
August 25, Monday	Agency requests for Project /250 (Project Mgt.) due
*August 30, Friday	Trustee Council meet to approve administrative budget for FY 04
Sept. 1, Monday	Labor Day
Sept. 10, Wednes.	Revised proposals due
Sept. 19, Friday	Review of revised proposals complete
* Sept. 26, Friday	Distribute recommendation to Trustee Council
* Oct. 2, Thursday	Trustee Council meet to approve work plan; close of public comment period
* tentative dates	

INVITED PROPOSALS BY CATEGORY FOR FFY 04 GULF ECOSYSTEM MONITORING AND RESEARCH PROGRAM

NOTE TO PROPOSERS

Invited Proposals by Category for FY 04 invites proposals in sections that describe:

... the parts of the GEM program under development at this time

- A. Synthesis
- B. Data Management and Information Transfer
- C. Modeling
- D. Community Involvement
- E. Lingering Oil Effects

... opportunities in the GEM habitat types targeted for new projects in FY 04

- F. Alaska Coastal Current
- G. Nearshore
- H. Watersheds

... projects funded through GEM in FY 03

- I. Continuing Projects

Each section has three parts: (1) an explanatory introduction that establishes context (definition and uses or objectives); (2) a general description of what is invited; and (3) specific examples of what is invited. References to the GEM Science Plan and GEM Program Document in the text below indicate where further information may be found on the GEM Program (both documents available at <http://www.oilspill.state.ak.us/gen/documents.html>).

Note that few new proposals are invited in the nearshore (intertidal/subtidal) habitat type because it is already under active development with projects initiated in FY 03. New projects in the offshore habitat type await direction from studies yet to be completed by other efforts, such as GLOBEC (see GEM Science Plan) and the Alaska Coastal Current habitat. In addition, new proposals for remote sensing are not invited, but the potential for applying remote sensing to individual projects will be examined through the Trustee Council's review process.

INVITED PROPOSALS

A. Synthesis

Definition and Uses of Synthesis within the GEM Program. The required scientific guidance for implementing the GEM program is based on putting together ideas, pieces of information from the scientific literature, and the potential relations among existing data gathering programs, including GEM (see Chapter 3 of the GEM Program Document for further information), to form a larger picture. Synthesis is the entry point to the cycle of monitoring and research.

Synthesis builds on past experience to update the current understanding of the northern Gulf of Alaska marine ecosystems. It brings together existing data and information from any number of disciplines, times and regions to evaluate different aspects of the GEM Program's conceptual foundation, central hypotheses and related ideas, working from the perspective of a habitat type. Synthesis has three broad uses. First, it is used to provide direction for developing and refining hypotheses to be tested and, combined with research and monitoring, to update and refine the GEM Science Plan. In this respect, synthesis is an ongoing evaluative process throughout the life of the GEM Program and will help ensure that the program is meeting its goals and objectives. Second, synthesis is intended to produce communication tools such as publications, oral presentations and other media to inform scientists, stakeholders and other members of the public about the developing understanding of the factors responsible for change in the marine environment. Third, synthesis may be used to identify opportunities to solve resource management problems, by showing how to match existing data from GEM and other sources with practical resource management problems.

The primary purposes of the synthesis activities in FY 04 are to (1) fully develop the introduction to the habitat types in the GEM Science Plan and (2) point out options for projects that might be implemented in FY 06 and beyond.

What is Invited. Proposals are invited to provide a synthesis of scientific literature and existing data gathering programs to serve as the introduction to the GEM Science Plan sections for three of the four GEM habitat types: Alaska Coastal Current, nearshore and watersheds. Bearing in mind that the boundaries of habitats are not rigidly drawn (Chapter 2, GEM Program Document), proposals should concentrate on one habitat type. However, each proposal must address linkages of its habitat type with the other habitat types. In addition, proposals should demonstrate how the synthesis would proceed from the primary source documents for GEM--the GEM Program Document, the GEM Science Plan, and the National Research Council's GEM review book (*A Century of Ecosystem Science*, 2002), all found at <http://www.oilspill.state.ak.us/gem/documents.html>--to incorporate scientific literature and data gathering activities not addressed in the source documents. Methods should include consultation with EVOS staff and contractors, GEM committees and relevant working groups (if any), and concerned members of the public. At a minimum, the results of the synthesis are to be presented orally at a public meeting and should be suitable for publication as a review article, as well as incorporation into the relevant sections of the GEM Science Plan and the Gulf of Alaska section of a North Pacific Ecosystem Status Report now under development by the North Pacific Science Organization (PICES; see Modeling section of this document).

Examples of Responses to the Synthesis Invitation.

1. Alaska Coastal Current (ACC) Synthesis: The proposed synthesis document(s) would address recent advances in biology and physical sciences relevant to the ACC, discuss how recent advances might change existing concepts, point out leading and emerging hypotheses and describe how these might support or change the GEM Science Plan's working concepts for the habitat type. It would identify and synthesize major monitoring and research efforts located in the northern Gulf of Alaska, demonstrating a working knowledge of these projects and listing examples, such as FOCI, NDBC moorings, GLOBEC/PMEL moorings and cruises, OCC cruises, and NASA/NESDIS remote

sensing. It would point out how these information types may relate to GEM Science Plan working concepts and selection of GEM monitoring projects and the GEM contribution to a Gulf of Alaska section in a North Pacific Ecosystem Status Report now under development by PICES. Possible linkages of the ACC to the nearshore, offshore, and watershed habitat types based on recent and historical literature would be examined. It would identify and prioritize gaps in knowledge relative to the GEM Science Plan's working concepts. Methods would include consultation with appropriate parties identified in the above section, as well as substantial coordination and cooperation with existing GEM ACC projects. Amount of proposals should be in vicinity of \$60,000 per year, and proposals may cover up to three years of work.

2. Nearshore (Intertidal/Subtidal) Synthesis: Recognizing that substantial synthesis work in relation to GEM has already been accomplished for the nearshore, a proposed synthesis document would build on the GEM Science Plan and the design work of Schoch, et al. (2002; see GEM Science Plan) to address recent advances in biology and physical sciences relevant to the nearshore and point to the opportunities and needs for establishing a geographically distributed network of monitoring sites during FY 06. In addition, the synthesis would discuss how recent advances in scientific knowledge might relate to existing concepts, point out leading and emerging hypotheses, and describe how these might support or change the GEM Science Plan's working concepts for the habitat type. It would identify and synthesize major monitoring and research efforts located in the nearshore habitat types, such as the monitoring sites of Kachemak Bay National Estuarine Research Reserve, Prince William Sound and Cook Inlet Regional Citizens' Advisory Councils, and the Mussel Watch program. Building on results from GEM Project 030687 (Nearshore Decision Process), it would point out how existing and emerging information types may relate to GEM Science Plan working concepts, selection of GEM monitoring projects, and the GEM contribution to a Gulf of Alaska section in a North Pacific Ecosystem Status Report now under development by PICES. It would identify and prioritize gaps in knowledge relative to the GEM Science Plan's working concepts. Methods would include consultation with appropriate parties identified above, as well as substantial coordination and cooperation with existing GEM nearshore projects. Amount of proposals should be in vicinity of \$60,000 per year, and proposals may cover up to three years of work.
3. Watershed Synthesis: Recognizing that substantial work toward synthesis needs to be accomplished for the watershed habitat type, a proposed synthesis document would build on the watershed sections of the GEM Science Plan and GEM Program Document to incorporate recent advances in biology and physical sciences. It would address opportunities and needs for establishing watershed monitoring sites during FY 06. In addition, the synthesis document would discuss how recent advances in scientific knowledge might relate to existing concepts, point out leading and emerging hypotheses, and describe how these might support or change the GEM Science Plan's working concepts for the habitat type. The document would identify and synthesize major monitoring and research efforts located in the watershed habitat type. Building on results from GEM Project 02612 (Kenai River Watershed), it would point out how existing and emerging information types might relate to GEM Science Plan working concepts,

selection of GEM monitoring projects, and the GEM contribution to a Gulf of Alaska section in a North Pacific Ecosystem Status Report now under development by PICES. It would identify and prioritize gaps in knowledge relative to the GEM Science Plan's working concepts. Methods would include consultation with appropriate parties identified above, as well as substantial coordination and cooperation with existing GEM nearshore (intertidal/subtidal) projects. Amount of proposals should be in vicinity of \$60,000 per year, and proposals may cover up to three years of work.

B. Data Management and Information Transfer

Definition and Uses of Data Management and Information Transfer within the GEM Program.

The Data Management and Information Transfer component of GEM includes the following functions: data receipt, quality control (QC), storage and maintenance, archiving and retrieval, administrative support, and the systems necessary to automate as many of these procedures as possible. This component also includes programs needed to create the custom data and information products that will be provided to the modeling and applications components, and to the users of this information. Data Management and Information Transfer provides the essential function of extracting the full scientific and societal benefits from GEM projects (NRC 2002; GEM Program Document, Chapter 9).

Data generated by GEM projects need to be converted into useful information that is readily available in a timely fashion to the scientific communities, resource managers, resource dependent people and their communities, policy makers, and other members of the public. In addition, data sets and information regarding other research and monitoring activities in the GEM region must be readily accessible to EVOS staff and contractors, GEM committees and working groups (if any), and concerned members of the public in order to facilitate gap analysis during project selection and implementation, and maximize the use of all data collected (GEM Program Document, Chapter 3).

What is Invited. Proposals are invited to construct a database of metadata describing marine-related databases from the northern Gulf of Alaska relevant to GEM. Working from past and present efforts of GEM, PICES, NPRB, UAF/IMS, PMEL and others, projects would compile a list of databases related to the physical and biological features of the northern Gulf of Alaska and assess and analyze their potential relevance to GEM. Meta descriptions of existing datasets would include thematic and semantic descriptors (i.e., study context such as PI, funding source and locality, species study association, listing of physical/biological measurements performed by study, and quantity and quality of measurements performed). In addition, a syntactic metadata description will be required which would include, but may not be limited to, file format, file size, and storage mechanism and location. The successful proposal would create a comprehensive, web accessible georeferenced database of the marine-related physical and biological databases of the northern Gulf of Alaska. The successful proposal would describe an approach that assigns priorities for inclusion of databases based on a combination of factors such as length of time series, use in existing physical or biological models, and relevance to GEM. PIs of the successful proposal will be expected to work with GEM staff to create a list of predefined criteria which assigns a quantitative value summarizing the importance of the dataset to specific GEM efforts. Cost efficiencies through cooperation, coordination, and integration with similar efforts

covering related geographic areas are expected. Ways and means of insuring close coordination with GEM modeling efforts should be described. Essential requirements are ease of web access and export of information to other systems. Consult GEM Program Document Chapters 8 and 9 and NRC Chapter 7 for further background.

Examples of Responses to the Data Management and Information Transfer Invitation.

1. Adaptation of Existing Metadatabase: The proposal would adapt for GEM purposes the North Pacific marine metadatabase now under development through the North Pacific Research Board. The proposal would show how to filter existing metadata to make them specific to the GEM region, habitat types, and subject areas defined by the working concepts of the GEM Science Plan. The methods would provide for annual filtering and distribution to GEM users. Annual amount of proposal should be in vicinity of \$75,000-\$90,000. One year of funding is anticipated. However, proposals for annual or other periodic updating may be invited in FY 05.
2. Pilot Project to Apply Ocean Biological Information System (OBIS) within the GEM Region: The proposal would show how to set up a regional OBIS node by deploying an instance of the OBIS database structure. In addition, the proposal would create a plan to facilitate the absorption into the regional OBIS node, of past, present and future marine taxonomic data collection efforts. Information on OBIS can be accessed via the web at <http://marine.rutgers.edu/OBIS/>. Working with a resource management agency, the proposal would identify a manageable data and information system to host the pilot demonstration and provide an implementation schedule and plan for the OBIS software. A successful proposal would define a method to isolate candidate historic datasets which have characteristics which lend themselves to be easily absorbed into the OBIS database structure. Preference should be given to datasets that span multiple agencies. The data system chosen for the pilot project is expected to have scientific relevance to themes presented in the GEM Program Document and GEM Science Plan. Annual amount of proposal should be in vicinity of \$60,000. One year of funding is anticipated. However, proposals for annual or other periodic updating may be invited in FY 05.

C. Modeling

Definition and Uses of Modeling within the GEM Program. One of the top overall priorities for the GEM Program is to develop a whole-ecosystem natural resource model as an adaptive management tool for guiding the GEM monitoring program (see GEM Program Document, Chapter 8, and NRC 2002, Chapter 7). An interdisciplinary biophysical modeling effort is essential to developing monitoring efforts in all of the habitat types, as well as the data management and information transfer component of the program. Modeling helps to understand the limitations on what can be learned from sampling in different time and space scales through simulations based on data from the projects. The ultimate long-term purpose of the model is to describe, in relation to biological and physical variables, the abundance through time of seabird, marine mammal and fish species that are selected for relevance to management interests. Modeling is also used to identify and refine measures, such as time series of biological or physical measurements that are best suited to communicate publicly the current status of the

ecosystem for the GEM contribution to a Gulf of Alaska section in a North Pacific Ecosystem Status Report now under development by PICES and others.

What is Invited. Proposals are invited that address how an interdisciplinary biophysical model of the northern Gulf of Alaska would be developed in the short-term. As envisioned, building the model would start from existing physical and biological models; hence, the means of cooperation, coordination, integration, and achieving cost efficiencies with existing modeling efforts must be emphasized in a successful proposal. Ways and means of communicating the contents, functions and outputs from the model to a variety of different disciplines and across a variety of common operating systems should also be carefully described, as well as data assimilation strategies for selecting time and space scales for biological and physical monitoring.

Examples of Responses to the Modeling Invitation.

1. **Building the Infrastructure Necessary to Create, Develop and Maintain the GEM Model:** The proposal would assemble an interdisciplinary team with experience in biological and physical modeling in the Gulf of Alaska. Team members should have experience in, or knowledge of, existing biological and physical modeling programs, such as SEA, FOCI and GLOBEC. Methods would address all aspects of interdisciplinary cooperation and partnerships, software development, hardware acquisition, use of existing products, and data management and information transfer with respect to all GEM projects and activities, as well as other relevant data acquisition activities. Annual amount of proposal should be in vicinity of \$100,000. Three years of funding should be proposed, as the initiation of a long-term GEM activity.
2. **Implementation of Components of the GEM Model:** The proposal would describe a one-year planning effort to develop a plan for implementing one of the smaller, but critical, components of the GEM model, such as the SEA pink salmon survival model, over a three-year period starting in Spring 2005. The proposal would show how to address all aspects including assembling an interdisciplinary team of implementers, staging and scheduling field sampling, estimating parameters from data, acquiring and developing essential software and hardware, and data management and information transfer. A one year proposal in vicinity of \$70,000 is expected. A follow-on proposal for implementation of the three-year plan may be invited during FY 05 depending on the outcome of the planning effort.

D. Community Involvement

Definition and Uses of Community Involvement within the GEM Program. Meaningful public and community participation has long been an essential part of the Trustee Council's process and an essential strategy for implementing the GEM Program (GEM Program Document, Chapters 1 and 3; NRC 2002). Current and future GEM monitoring projects are encouraged to have a strong community involvement component whenever possible. Comprehensive strategies for incorporating community involvement in GEM projects are being developed now under GEM Project 030575 (GEM Program Community Involvement/Community-Based Monitoring Plan) for the Council's consideration in the fall of 2003. Until that plan is developed, reviewed, and

adopted by the Council, no new specific community involvement projects are being solicited with the exception noted below.

What is Invited. Proposals are invited to develop specific products such as targeted workshops, databases, maps, publications, and community science symposia that provide services to communities and stakeholders in the GEM region related to marine ecosystem health and sustainability. Proposals will be evaluated on their relevance to community needs, potential to develop community resources of potential use to other GEM projects, and their link to the goals of the GEM Program.

Examples of Responses to the Community Involvement Invitation.

1. Science Symposium for Smaller Communities: Proposal would develop a small-scale scientific symposium for coastal communities to serve those who are not able to travel to Anchorage for the annual EVOS-sponsored symposia. Annual amount should be in vicinity of \$10,000-20,000.
2. Coastal Mapping: Proposal would produce GIS maps of resources for specific coastal communities. Annual amount should be in vicinity of \$10,000-20,000.

E. Lingering Oil Effects

Objectives for Lingering Oil Effects in FY 04. The Trustee Council continues to be concerned about *Exxon Valdez* oil remaining in the marine environment and any effects it may be having on injured resources. Injured resources are identified and their current status described on the Trustee Council's web site at <http://www.oilspill.state.ak.us/facts/status.html>. Current objectives for the Lingering Oil Effects component of the Council's program are focused on examining the fate and effects of the remaining oil on injured resources and services and especially populations of two species in western Prince William Sound, harlequin ducks and sea otters. These populations have shown continuing exposure to hydrocarbons in localities where potentially toxic forms of the oil from the *Exxon Valdez* are known to persist. Objectives for FY 04 also include learning about the status of subsistence uses of the injured resources in the spill affected areas for comparison to an earlier survey.

The reasons that some populations of injured species in Prince William Sound have not met the criteria established for their recovery in the nearly 14 years since the oil spill are still not clear. For some species it has not been possible to clearly separate the possible toxic effects of oiling from the possible effects of natural causes such as climate change and predation. For this reason, GEM projects that address injured species and ecosystems are designed to understand the effects of natural forces on populations and their productivity. The knowledge gained may permit at least a retrospective understanding of oil injury versus other impacts for species injured by *Exxon Valdez* oil, and provide the background on natural forces necessary to understand effects of oiling in future oil spills.

What is Invited. Proposals are invited to examine the fate and effects of *Exxon Valdez* oil in western Prince William Sound. Proposals specifically addressing these effects on populations of sea otters and harlequin ducks are of interest. Proposals are also requested to examine the status of subsistence activities in the spill affected areas. In addition to the objectives and examples

described here, proposers may use this invitation to suggest other approaches to aid the recovery of resources and services injured by the oil spill. However, the Trustee Council's emphasis in FY 04 will be on development of the GEM Program as its primary restoration activity.

Examples of Responses to the Lingering Oil Effects Invitation.

1. Bioavailability of Lingering Oil in Prince William Sound: Research conducted in Prince William Sound in 2001 estimated that about 28 acres of intertidal beach remain contaminated from spilled *Exxon Valdez* oil. The Trustee Council is interested in evaluating the bioavailability of this oil to sea otters and harlequin ducks in the Prince William Sound area. Proposals are invited to evaluate foraging activities of sea otters in oiled areas; collect sea otter mortality, emigration and population data; and monitor harlequin duck recovery. Annual amount of combined proposals should be in vicinity of \$150,000. One year of funding is anticipated.
2. Monitoring of Presence of Lingering Oil: The Trustee Council is interested in establishing a strategy for monitoring persistence of *Exxon Valdez* oil, and its relationship to other sources of contamination in Prince William Sound. Annual amount of proposal should be in vicinity of \$40,000. One year of funding is anticipated.
3. Subsistence Uses in Spill Affected Areas: The last complete survey of the status of subsistence uses in spill-impacted communities was conducted in 1998. FY 04 is six years later, and the Trustee Council will consider proposals to evaluate the status of subsistence uses by collecting, analyzing, and reporting information about current subsistence uses in a subset of oil spill area communities using methodology that is comparable with previous research results. The evaluation should be a collaborative effort in which the study communities are partners in each phase of the study. Annual amount of proposal should be in vicinity of \$300,000. One year of funding is anticipated.

F. *Alaska Coastal Current (ACC)*

Objectives for ACC in FY 04. The top priority for GEM in the ACC starting in FY 04 is to initiate the process that leads to collecting basic physical (temperature and salinity) and biological observations (optical measures, such as fluorescence) from a vessel of the Alaska Marine Highway System (AMHS), or other ship of opportunity operating in the waters of Prince William Sound, outer Kenai Peninsula, lower Cook Inlet, Kodiak and the Alaska Peninsula. Observations on these basic variables will be of use to a range of scientists and public members for multiple purposes and are fundamental to the future GEM modeling program. As part of this objective, continued development of the vessel-of-opportunity projects deploying the continuous plankton recorder and thermosalinograph into long-term projects is desirable. Another priority is to begin applying monitoring results to management of development activities in the ACC.

What is Invited. Proposals are invited to investigate and describe a time-sequenced approach that would be implemented over three years to establish a Voluntary Observing Ship data acquisition program based in the northern Gulf of Alaska. The Alaska Marine Highway System (AMHS) would be a likely candidate for this effort. The first step would be to explore and present the options on routes, choices of variables (temperature, salinity, etc.) in relation to

capabilities of current instruments, sampling frequencies, data management and information transfer, and incremental costs for each of these activities. The design should envision adding instruments to monitor other variables in the future, as needs for them are identified by the GEM process. Capitalizing on existing community assets, such as scientists and interested lay people in the communities served by the ferries or other possible vessels, is an important consideration in system design. In addition, capitalizing on existing scientific assets on the AMHS, such as the U.S. Forest Service interpretive program, is highly desirable.

The second step in the sequence would be to explore installing equipment on the seawater intake system of a vessel operating in the waters of the northern Gulf of Alaska to record temperature, salinity and fluorescence at known time from an estimated average depth. If the AMHS appears to be appropriate, the successful proposal would address in detail all aspects of the deployment, including contact and relations with the AMHS administration, vessel master and crew; the selection, installation, testing and maintenance of equipment; the data process including acquisition, retrieval, quality control and assurance, and transmittal to GEM; and development of community-based support for logistics. Proposer should demonstrate knowledge of other ferry box and VOS data acquisition systems in the US, Europe and Japan, and of published coordination and cooperation efforts within PICES MONITOR Task Team. Consult GEM Program Document, Chapter 9.

Proposals are also invited to analyze the information needed to support permitting activities for development activities in the ACC.

Examples of Responses to the ACC Invitation.

1. Collecting Physical and Biological Observations from the Alaska Marine Highway System (AMHS): The proposal would offer to assemble a team of experts capable of planning and implementing an observing system that takes underway measurements relevant to the GEM model (e.g., salinity, temperature and optical measures) from AMHS ferries. Over a three-year period, the proposal would develop the feasibility of installing specific instruments to collect temperature, salinity and optical measures of primary productivity on AMHS vessels and present those options (year one), initiate a pilot project (year two), and develop a fully operational real-time data acquisition and delivery program (year three). Community involvement in port areas is expected. Annual amount of first year should be in vicinity of \$100,000, with subsequent years' levels of funding dependent on findings during the first year. A one-year proposal should be submitted with the understanding that consideration for subsequent years of funding would be dependent on findings and performance during year one.
2. Collecting Physical and Biological Observations from Non-AMHS Ships-of-Opportunity. The proposal would continue the current GEM ship-of-opportunity activities that deploy the continuous plankton recorder, thermosalinograph and fluorometer on tanker vessels and provide a three-year plan for making them into an operational monitoring program for the ACC and offshore habitat types. Community involvement in port areas is expected to continue, and the possibility of partnerships with NPRB should be explored. Annual amount should be in vicinity of \$130,000. Three-year proposals should be submitted.

3. Identify the Potential Mechanisms and Approaches for Monitoring Currents in Prince William Sound: Building on the results of the EVOS SEA project, the proposal would identify the potential mechanisms for understanding current flows into and out of Prince William Sound for the ultimate purpose of contributing physical data to models of the relationships between currents and productivity. The proposal should assemble a team of scientists capable of designing and implementing a solution, provide an overview of data collection activities currently underway and being planned in Prince William Sound (with particular emphasis on Hinchinbrook Entrance and Montague Strait), identify variables needed to understand currents in relation to productivity, and develop a complete plan for implementing an observing program in collaboration and cooperation with other ongoing efforts. Annual amount should be in vicinity of \$75,000. A one-year proposal is expected. However, consideration for subsequent years of funding would be dependent on findings and performance during year one.
4. Applications of Monitoring to Management of Development Activities in the Alaska Coastal Current: Building on the GEM Program Document (see especially Chapter 7.14-15), the proposed project would analyze the information needed to support permitting activities for a range of current development activities (oil and gas development, seafood processing, tourism and recreation, etc.) in the ACC in one of the major geographic regions of the GEM area (Prince William Sound, Cook Inlet or Kodiak-Afognak). Working in close cooperation with resource managers actively engaged in permitting activities and reviewing the current scientific literature, the analysis would identify gaps by comparing information needed by managers to that actually available. The analysis would address all aspects of the suitability of the past, current and future data and information products needed to support permitting. Annual amount should be in the \$80,000 range. Up to three years of funding may be proposed.

G. Nearshore

Objectives for Nearshore in FY 04. Most of the objectives for the nearshore in FY 04 will be met by projects underway in FY 03. However, another objective is to begin applying monitoring results to management of development activities in the nearshore.

What is Invited. Proposals are invited to analyze the information needed to support permitting activities for development activities in the nearshore.

Examples of Responses to the Nearshore Invitation.

1. Applications of Monitoring to Management of Development Activities in the Nearshore: Building on the GEM Program Document (see especially Chapter 7.14-15), the proposed project would analyze the information needed to support permitting activities for a range of current development activities (oil and gas development, seafood processing, tourism and recreation, etc.) in the nearshore in one of the major geographic regions of the GEM area (Prince William Sound, Cook Inlet or Kodiak-Afognak). Working in close cooperation with resource managers actively engaged in permitting activities and reviewing the current scientific literature, the analysis would identify gaps by comparing

information needed by managers to that actually available. The analysis would address all aspects of the suitability of the past, current and future data and information products needed to support permitting. Annual amount should be in the \$80,000 range. Up to three years of funding may be proposed.

H. Watersheds

Objectives for Watersheds in FY 04. The primary objective for watersheds in FY 04 is to begin learning how to measure marine effects in watersheds. In including the watersheds as part of a marine monitoring program, the Trustee Council recognized that marine ecosystems do not stop at the shoreline or other arbitrary geographic boundaries. Measuring marine-related phenomena in watersheds, as well as terrestrial-related phenomena in the nearshore, is fundamental to the GEM monitoring program in these two habitat types. Even though all available evidence supports the concept that freshwater food webs in anadromous watersheds in the northern Gulf of Alaska and elsewhere are likely to be dependent to some extent on inputs of marine derived nutrients, there are no systematic monitoring programs for them in the GEM region and very few observations in total.

What is Invited. Proposals are invited to identify and show how and where to measure the best indicators of marine-related biological production in watersheds, including within an existing water quality monitoring program. The proposal would address and discuss available approaches to measuring marine-related responses of biological production, such as marine isotopes of the elements carbon, nitrogen and sulfur. The proposal would explore the degree to which such isotopic elements would be useful as indicators of marine linkages and their possible variation in various types of watersheds. The proposal would also address possible proxy indicators of isotopes, such as nitrates and ammonium, as well as other possible suitable proxies for marine-related indicators. Essential auxiliary information, such as escapement estimates of anadromous species and seasonal runoff, should be identified. Key questions in sampling should be explored, such as, "What is the variability of marine-related indicators in bodily tissues among species within watersheds? Which species or species guilds are best suited to measuring marine linkages? How do suitable species vary among contrasting types of watersheds (e.g., heavily forested vs. recently glaciated, anadromous vs. non-anadromous, and heavy human development vs. pristine)?" Is there an existing water quality sampling program that could be adapted to include monitoring of marine related variables?

Examples of Responses to the Watershed Invitation.

1. Detection of Marine-Related Indicators: The proposal would describe a three-year program to identify, evaluate and implement statistically rigorous sampling strategies for detecting marine signals from plants and animals in the marine watersheds and nearby nearshore areas. The successful proposal would show how to establish the degree of annual variation in levels of the carbon, nitrogen and sulfur isotopes common in the marine environment, as measured in the tissues of plants and animals in watersheds. A statistical sampling strategy leading to establishment of monitoring stations capable of detecting annual changes in marine-related variables over a period of years would be

described. Annual amount should be in vicinity of \$150,000. A three-year proposal is expected with annual renewal dependent on performance.

2. Community Based Sampling Strategies for Sampling Marine-Related Indicators. The proposal would describe a three-year program to identify, evaluate and implement cost effective, statistically defensible community based sampling strategies for monitoring marine-related variables in watersheds and nearby nearshore areas. The successful proposal would incorporate proven approaches to community based monitoring of the aquatic environment, including QA/QC of citizen monitoring data. It would also show how to establish the degree of annual variation in levels of the isotopes of carbon, nitrogen and sulfur common in the marine environment, as measured in the tissues of plants and animals in watersheds. Annual amount should be in vicinity of \$100,000. Proposals for up to three years may be considered with annual renewal dependent on performance.
3. Including Marine Related Variables in an Existing Water Quality Monitoring Program. The project would demonstrate how to leverage GEM funding in the water quality area by adapting an existing water quality sampling program now used for permitting and regulation of human activities to address GEM questions regarding marine related substances in watersheds (or terrestrial related substances in estuaries/nearshore). The project would work with managers of the existing program and GEM staff to demonstrate how to obtain the required environmental monitoring information for both programs at lower cost than would otherwise be possible by working individually. Demonstration must include maintenance of quality control and assurances and the existing management applications of the data. Annual amount should be in vicinity of \$50,000. Up to three years of funding may be proposed.

I. Continuing Projects

Beginning with the FY 04 funding cycle, the Trustee Council is expected to approve projects for multiple years (up to three years duration). The following FY 03 projects proposed multiple-year timeframes, but were funded in FY 03 prior to adoption of the multiple-year policy and hence for one year only. Proposals and budgets for the remaining years of these projects (up to three years total) must be submitted in response to this invitation in order to be considered for continued funding. If you have any questions regarding the submission requirements, please contact the Trustee Council Office. Please note that the Council is not obligated to continue funding for these projects. A decision to continue funding will be based on review of the project in accordance with the review criteria described elsewhere in this invitation.

030012	Photographic Monitoring of Resident Killer Whales
030052	Tribal Natural Resource Stewardship and Meaningful Tribal Involvement in GEM
030210	Youth Area Watch (Prince William Sound/Lower Cook Inlet)
030290	Hydrocarbon Database
030340	Toward Long-Term Oceanographic Monitoring of the Gulf of Alaska Ecosystem

- 030600 Synthesis of the Ecological Findings from the EVOS Damage Assessment and Restoration Programs
- 030610 Youth Area Watch (Kodiak)
- 030620 Lingering Oil and Predators: Pathways of Exposure and Population Status
- 030635 Trophic Dynamics of Intertidal Soft-sediment Communities: Interaction between Bottom-up and Top-down Processes
- 030647 Investigating Relative Roles of Natural and Shoreline Harvest in Altering Kenai Peninsula's Rocky Intertidal
- 030649 Reconstructing Sockeye Populations in the Gulf of Alaska over the Last Several Thousand Years
- 030654 Surface Nutrients over the Shelf and Basin in Summer: Bottom-up Control of Ecosystem Diversity
- 030666 Alaska Natural Geography in Shore Areas: Initial Field Project for Census of Marine Life
- 030670 Monitoring Dynamics of ACC and Development of Applications for Management of Cook Inlet Salmon

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178

MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

RE: Multiple-year Funding of Proposals

DATE: January 31, 2003

Please find attached proposed revisions to the Trustee Council's Financial Procedures. These revisions address multiple-year funding of project proposals. You have given general concurrence in the past to proceed with this concept as a means of streamlining our administrative process.

Under the proposed multiple-year procedure, in initially approving a project the Trustee Council would specify the number of years of funding, the amount of funding per year, and the end of which fiscal year the funds would lapse. As Executive Director, I would continue to authorize the release of funds on an annual basis, as I do now. This would allow the funds to stay invested in our Investment Fund until the year in which they would be spent.

The primary advantages to multiple-year funding are:

For Principal Investigators (PIs): PIs would be required to prepare and submit proposals only once, rather than each year as they are now. In addition, PIs would be allowed to "carry forward" unspent funds from one fiscal year into the next fiscal year (up to the project's lapse date), thus allowing more flexibility in budgeting than currently allowed.

For peer reviewers: Peer reviewers would be required to review each proposal only once, rather than each year as they do now.

Three additional important points:

1. Oversight of ongoing projects would continue, but through the Annual Reports rather than through annual resubmittal of a proposal. Failure to submit an Annual Report or unsatisfactory review of an Annual Report could result in withholding of project funds or cancellation of the project. A decision to cancel a multiple-year project would need to be affirmed by the Trustee Council.
2. At this time our intent, which we will express in the *FY 04 Invitation to Submit Proposals*, would be to limit multiple-year projects to three years of funding at a time.
3. All multiple-year approvals would be "subject to the availability of funds" in future years.

sandra/financial/multiyearTCmemo.doc

EVOS TRUSTEE COUNCIL FINANCIAL PROCEDURES

Sections Proposed for Revision to Address Multiple-Year Funding

PROJECT AUTHORIZATION

1. *General.* Authorization to expend personal services, travel, contractual, commodities, equipment and general administration funds shall be consistent with the project budgets approved by the Trustee Council.

2. *Fiscal Year.* Unless otherwise approved by the Trustee Council, the fiscal year begins on October 1 and ends on September 30. In the event the Trustee Council approves a project with a different fiscal year, the fiscal year must be clearly stated in the approval motion. In the event the Trustee Council approves, in a single approval motion, multiple fiscal years of funding for a project, the project must be designated as a "multiple-year project" in the approval motion and the fiscal year in which the funds will lapse must be specified in the approval motion. In the event the Trustee Council approves a capital project, the designation as a capital project must be clearly stated in the approval motion.

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3. *Adjustments between Projects.* As long as an adjustment does not alter the underlying scope or objectives of the affected projects, agencies have the authority to move funds into or out of projects up to the cumulative amount of \$10,000 or up to 10% of the authorized level of funding for each affected project, whichever is less. Justification and supporting documentation as to the reason for all such adjustments shall be maintained by the agencies. All such adjustments must be reported to the Executive Director in the Quarterly Financial Report. For further information regarding the Quarterly Financial Report, refer to the Accounting section of these procedures.

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4. *Adjustments between Line Items.* As long as an adjustment does not alter the underlying scope or objectives of the project, agencies are authorized to move, within a single project, budgeted funds between line items and may change detailed items of expenditure to accommodate circumstances encountered during budget implementation. Justification and supporting documentation as to the reason for all such adjustments must be maintained by the agencies. All such adjustments must be reported to the Executive Director in the Annual Financial Report. For further information regarding the Annual Financial Report, refer to the Accounting section of these procedures.

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5. *Adjustments between Fiscal Years of a Multiple-year Project.* As long as an adjustment does not alter the underlying scope or objectives of the project, agencies are authorized to carry forward budgeted funds to the subsequent fiscal year of a multiple-year project. Justification and supporting documentation as to the reason for all such adjustments must be maintained by the agencies. All such adjustments must be reported to the Executive Director in the Annual Financial Report. For further information regarding the Annual Financial Report, refer to the Accounting section of these

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procedures.

6. *Revisions.* Trustee Council action is required to move amounts greater than that authorized in section 3 above. Trustee Council action is also required if the adjustment changes the scope or objectives of a project, establishes a new project, or terminates an approved project before its scheduled completion. In the event the proposed adjustment changes the scope or objectives of a project, establishes a new project, or terminates an approved project before its scheduled completion, the public shall be given a reasonable opportunity to review and comment on the proposed change prior to action of the Trustee Council.

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PROJECT COSTS

1. *Direct Project Costs.* Direct costs are those costs that can be identified with or linked to a specific project.

2. *Indirect Project Costs.* Indirect costs are those costs that are incurred for common or joint projects and therefore cannot be identified readily and specifically with a specific project. In the case of governmental agencies, indirect costs are covered through a general administration formula. The appropriate indirect rate for contractors shall be approved on a case-by-case basis.

3. *General Administration Formula.* The general administration formula is used to reimburse governmental agencies for indirect project costs incurred in implementing the restoration program. The general administration formula is nine percent of each project's direct costs. General administration funds may be spent at the agency's discretion provided they are spent on indirect costs incurred in implementing activities funded by the Trustee Council. Agencies are entitled to 100% of their budgeted general administration funds regardless of how much of their budgeted direct project funds have been expended.

4. *Unallowable Costs.* Restoration funds shall be used only for costs that directly benefit Trustee Council approved projects with the exception of reimbursement of general administration (i.e., indirect) costs that are calculated in accordance with the general administration formula.

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5. *Bonuses.* Bonuses for personnel working on Trustee Council funded activities are allowable costs. Agencies shall follow their standard operating procedures in determining bonus awards. Bonuses shall be considered an indirect project cost and, if awarded, shall be paid with general administration funds.

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ACCOUNTING

1. *General.* It is the responsibility of agency personnel and certifying officers to make certain that all actions are based on sound accounting and budgetary practices.

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2. *Source Documentation.* Adequate justification and supporting documentation shall be maintained for each project.

3. *Appropriateness.* Expenditures charged to a project shall be directly attributable to or allocated to the project benefiting from the activity. Salaries and benefits may be charged for the time an individual is working directly on a project, when supported by time sheets and when work performed by such individuals is necessary to the project.

4. *Reasonableness.* Costs attributable to a project shall be necessary and reasonable to achieve the objectives of the project and be consistent with the policies and procedures governing other activities of the agency.

5. *Segregation.* Accounts shall be properly designed and maintained to ensure that funds are expended in accordance with Trustee Council approval.

6. *Expended (Outlays).* The term expended shall be defined as the actual outlay of funds through the issuance of checks or warrants, the disbursement of cash, or the electronic transfer of funds. The term expenditure shall be defined as the act of expending.

7. *Obligation (Encumbrances).* The term obligation shall be defined as a commitment to acquire goods or services during the fiscal year or, for multiple-year projects, a commitment to acquire goods or services prior to the project's specified lapse date. The term obligation shall also be used to accommodate contracts where the length of time for completion of the service extends into the following fiscal year or, for a multiple-year project, beyond the project's specified lapse date. An obligation is a commitment to pay and should not be considered an expenditure until the goods or services have been received and the invoice paid. Funds approved for contracts in which the length of time for completion of the service extends into the following fiscal year may be obligated at year end or, for a multiple-year project, prior to the project's specified lapse date. As a general rule, agencies shall have one year from a project's specified lapse date to satisfy all obligations.

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8. *Reporting: Quarterly Financial Reports.* Within thirty days following the end of each quarter, agencies shall report expenditures and obligations recorded at the end of the quarter to the Executive Director. The report shall include the total amount authorized for each project, any revisions approved by the Trustee Council, any adjustments between projects, the total expended by project, and the total of any outstanding obligations by project.

9. *Reporting: Annual Financial Reports.* By January 31 of each year, agencies shall report to the Executive Director the total expended for each project, plus any valid obligations relating to the fiscal year just ended. The report shall reflect the total amount authorized by line-item, any revisions approved by the Trustee Council, any adjustments

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between projects, any adjustments between line-items, and, for multiple-year projects, any adjustments between fiscal years.

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LAPSE

1. General. Subject to the exceptions noted in sections 2 and 3 below, the unexpended and unobligated balance of a project shall lapse on September 30 of the fiscal year for which the project was approved. However, an undisclosed obligation may be established and/or paid during the Close-Out Period.

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2. Multiple-year Projects. The unexpended and unobligated balance of a multiple-year project shall be carried forward to the lapse date specified by the Trustee Council in the project's approval motion. On September 30 of the fiscal year specified by the Trustee Council, the unexpended and unobligated balance shall lapse.

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3. Capital Projects. The unexpended balance of a capital project shall be carried forward for two subsequent fiscal years. At the end of the three year period, the unexpended and unobligated balance shall lapse. Trustee Council action is required to extend the project lapse date beyond the three year period.

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4. Close-out Period. During the months of October, November and December (through December 31), agencies may pay from funds from the fiscal year just ended on September 30 an expense that was undisclosed during that fiscal year. In addition, agencies may establish obligations to accommodate an expense that was undisclosed during that fiscal year. Any such payments or obligations must be reported to the Executive Director in the Annual Financial Report. For further information regarding the Annual Financial Report, refer to the Accounting section of these procedures.

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5. Expenses Discovered after the Close-out Period. Expenses discovered after the Close-out Period (i.e., after December 31) may be charged to the subsequent year's project budget if the project has multiple years of funding and sufficient funds are available. In the event there is no subsequent year's project budget, or in the event the agency determines that insufficient funds are available to charge the expense to the subsequent year's budget, authority to adjust a prior year Annual Financial Report is required. During the months of January through June, authority to adjust a prior year Annual Financial Report may be provided by the Executive Director. For expenses discovered after June, authority to adjust a prior year Annual Financial Report may be provided by the Trustee Council.

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Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council
FROM: Molly McGammon
Executive Director
RE: ARLIS Library
DATE: April 14, 2003

The EVOS Trustee Council has supported oil spill information services from 1990 to 1997 through the EVOS-funded Oil Spill Public Information Center, and since 1997 through the Alaska Regional Library and Information Services (ARLIS), a consortium library funded primarily by federal resource agencies.

The Trustee Council's needs for these kinds of information services have steadily declined over the past five years. Consequently, Council funding for these services has declined proportionately.

Next year, however, is the 15th anniversary of the oil spill (March 24, 2004), and once again, as with the 10th anniversary, there will be substantial public and media attention on the 1989 spill, as well as increased attention from schools and students.

For this reason, I recommend that the Trustee Council make a commitment now for Federal Fiscal Year 04 to fund one librarian (Carrie Holba) for the entire federal fiscal year (through September 30, 2004) and a second librarian (Celia Rozen) through March 31. This would provide the extra librarian coverage likely to be needed next year.

Since ARLIS is funded through a project separate from the administrative budget project, the actual budget numbers would not come before you for action until August 2003. But your action today would allow ARLIS to satisfy the budgeting requirements that they need to finalize as soon as possible.

RECOMMENDED MOTION: The Trustee Council will support in Federal Fiscal Year 2004 funding for one full time librarian for a full 12 months (Carrie Holba) and a second full time librarian (Celia Rozen) for 6 months, through March 31, 2004.

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

DATE: April 14, 2003

RE: Trustee Council approval to accept NOAA grant

As part of the Trustee Council's goal of establishing a long-term monitoring program in the spill-impacted region of the northern Gulf of Alaska, we have been working with a number of entities to increase federal funding for coastal observation systems. You will hear more about this at the April 23 briefing. Much progress is being made, and establishing a coordinated network of regional observing systems along the coast of the United States is the first step toward developing a national observation network. The national network of coastal observing systems is coming closer to being a reality. Support for this effort will be one of the primary recommendations coming out of President Bush's U.S. Commission on Ocean Policy, which has Ed Rasmussen as the Alaska representative. Depending on budgets of course, it is expected that significant federal funding will be made available for these efforts. Alaska will be well-positioned through GEM and the newly created Coastal Alaska Observing System (CAOS) to take advantage of that federal funding.

Because of the efforts Council staff has made to work with other marine monitoring programs to develop GEM in the past two years, National Ocean Services (a branch of NOAA) put in the federal FY 03 budget funding for a \$745,000 grant to the Trustee Council's GEM Program to aid in these efforts. These are not funds we requested; however, having these additional funds will free up Trustee Council funds for other projects. Notification of the funding was received only a few weeks ago.

Attached is the grant proposal submitted to NOAA (even though the funds are already in the budget, a grant has to be submitted and reviewed before funds are released). As written, the grant would be used to fund staff, travel and contractual costs for GEM planning and implementation projects that have already been funded by the Council. The federal funds would come to GEM through the Alaska Department of Fish and Game. In order to accept the funds, the Alaska Legislature has to approve federal receipt authority. Since EVOS only had \$100,000 in federal authority in its proposed budget for this

coming fiscal year, I discussed the issue with Kevin Brooks, Director of Administrative Services at ADF&G, and provided him with backup for the request. This issue has been brought before the Council for additional discussion at the request of one of the trustees.

Change Record Detail With Description

Department of Fish and Game

Scenario: FY2004 Fish Game Request (2783)

Component: EVOS Trustee Council (2693)

BRU: Administration and Support (148)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Contractual	Supplies	Equipment	Buildings	Land/ Buildings	Grants Claims	Misc..	Positions	
												PFT	NP
Fund Change from EVOSS to Federal Receipt Authority													
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
1002 Fed Rcpls		150.0											
1018 EVOSS		-150.0											

The Exxon Valdez Oil Spill Trustee Council is requesting an increase in its federal program receipt authority included in the Alaska Department of Fish and Game Fiscal Year 2004 budget request from \$100.0 to \$250.0, and a decrease of \$150.0 in EVOS program receipt authority. The Trustee Council has received a three-year federal grant from the National Oceanic and Atmospheric Administration totaling \$745,125 (\$248,375 a year) to implement the Trustee Council's Gulf of Alaska Ecosystem Monitoring and Research Program, GEM. The grant, which was included in the FY03 federal budget as part of a nationwide effort to establish a national network of regional coastal marine observing systems, is intended to support development and implementation of GEM monitoring projects in providing information to natural resource management, oil spill response, search and rescue, and other government and private enterprises that work in the coastal marine environment. Grant funds will be used to support personnel, contractual costs, and travel for the early stages of planning, developing and implementing this program. Products will include an annually updated Science Plan, an annual Invitation for Proposals, and an annual Work Plan, as well as several information databases. Funds have already been approved, and will be released once receipt authority is approved.

Totals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
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Fed Ex'd to Gen0
Sat. 3/29/03

The Gulf of Alaska Ecosystem Monitoring and Research Program

Establishing a very long-term monitoring program for detecting and understanding change in marine ecosystems to sustain a healthy and biologically diverse marine ecosystem in the northern Gulf of Alaska (GOA) and the human use of the marine resources in that ecosystem

PROPOSAL SUBMITTED ON MARCH 28, 2003 TO:

Dr. Jeffrey Payne
NOAA Coastal Services Center
2234 South Hobson Avenue
Charleston, SC 29405-2413

By

Ms. Molly McCammon, Executive Director
Dr. Phillip R. Mundy, Science Director
Mr. Robert Bochenek, Data Systems Manager

Gulf of Alaska Ecosystem Monitoring and Research Program
Exxon Valdez Oil Spill Trustee Council
441 W. 5th Avenue, Suite 500
Anchorage, AK 99501

Table of Contents

Introduction.....	3
Objectives	5
Objective 1: GEM Science Plan	5
Objective 2: GEM Invitation for Proposals	5
Objective 3: GEM Work Plan.....	6
Approach.....	6
Introduction.....	6
Schedule.....	7
Approach, Products and Due Dates by Objective.....	7
Project Management	8
Partnerships.....	9
Application of Results.....	10
Cost Efficiency.....	10
Budget Narrative.....	11

Attachment 1 – Resumes of key personnel

Attachment 2 – Form 424

Attachment 3 – Form 424A, including annual budgets

Attachment 4 – Form 424B

Attachment 5 – Form CD511

Attachment 6 – GEM Science Plan (February 3, 2003 working draft)

Introduction

Funding is requested to support implementation of the Gulf of Alaska Ecosystem Monitoring and Research Program, GEM, during the time period July 2003 – June 2006. GEM is a nationally recognized program in planning since 1999 that is now ready for implementation. GEM's goal to produce long-term biological and physical information on coastal ecosystems was evaluated in a review of the program by the National Research Council (NRC 2002), and regionally vetted by a three-year process of public and scientific review. GEM is just now starting the long process of designing and deploying the monitoring system, so early planning and development efforts are critically important to its success. Support funding will provide the support essential for the enhanced scientific input and oversight that is essential as a program is developing. It will also allow GEM's deployment of data acquisition, management and information distribution functions to proceed more rapidly than would otherwise be possible.

In order to maintain brevity, the proposal relies on the GEM Program Document, available on line, <http://www.oilspill.state.ak.us/gem/documents.html>. The GEM Program Document portrays the Trustee Council's vision and scientific conceptual foundation (Chapters 1-2), outlines the tools available and the initial opportunities for monitoring (Chapters 3-4), gives the approach to program management in terms of science and public involvement (Chapter 5) gives the leading scientific hypotheses and an authoritative synthesis of the scientific literature (Chapters 6-7), and discusses the roles of modeling (Chapter 8) and data management (Chapter 9). Extensive appendices provide background information on relevant monitoring and research activities of others and additional supporting information. Information available in the GEM Program Document is briefly summarized throughout the proposal for the convenience of the reader.

To summarize the relevance of GEM to the region and the nation, the coastal communities of Alaska are tightly linked to the marine ecosystem through their dependence on the environment to provide employment, food and recreation. Though less tightly linked than coastal communities, other parts of the state derive substantial economic, recreational and cultural benefits from these same coastal ecosystems. Consequently, careful long-term management and stewardship of coastal resources are important to the future of all of Alaska; however, the pathways to careful management and stewardship often are limited by lack of the kinds of data and information provided by long-term monitoring programs.

Management and stewardship of coastal resources in Alaska require a long term commitment to monitoring critical biological and physical variables. During the 1970s sharp changes, known collectively as the "regime shift," occurred in marine ecosystems all over Alaska. The regime shift was followed over a period of years by the disappearance of highly lucrative crab and shrimp fisheries in the Gulf of Alaska, even as

salmon populations in some parts of the state soared to historical highs. In addition populations of some marine mammals, such as fur seals and Steller sea lions declined during the 1980s and 1990s. The decline of the sea lions ultimately led to the involvement of the federal courts in one of the nation's largest remaining commercial fisheries, pollock. The case of the Alaska pollock fisheries is a classic example of federal courts and other government institutions struggling with little information in the attempt to strike a balance between conservation of natural resources and supporting the economies of coastal communities and the nation.

Crafting responses from government to situations created by a changing environment that both protect the environment and foster economic development requires more and different kinds of information than are presently available. The kinds of information lacking are long-term datasets of physical and biological observations that allow us to detect and understand ecosystem change over time. Such long-term observations are essential to understand how ocean currents move food and energy into the trophic webs of seabirds, marine mammals and fish of coastal ecosystems. Platforms collecting these observations would include moorings, vessel transects and surveys that are relevant to specific aspects of the marine ecosystems of the northern Gulf of Alaska.

How can a long-term monitoring program be implemented that will anticipate government's future needs for information, especially for problems that arise years from now? Fortunately, deciding what kinds of observations to collect, and where and when to collect them, has been made easier by advances in scientific understanding of oceanography of the Pacific Ocean during the past twenty years. This knowledge now offers the prospect of a set of common currencies in which natural resource management problems may be denominated. The common currencies are the food, nutrients and energy that flow from the oceanic regions offshore to fuel the production of birds, fish and mammals in coastal ecosystems, including watersheds. The scientific case for this working concept has been thoroughly documented and reviewed in the scientific synthesis of the GEM Program Document, as vetted by the published review of the National Research Council (NRC 2002). The GEM Science Plan (February 3, 2003 working draft, Attachment 1) provides a brief overview of the scientific literature and linkages to the GEM Program Document.

The GEM program is designed to directly address critical regional needs for long-term information in support of the following activities:

- Fisheries management
- Protected species assessments
- Coastal zone management and permitting
- Environmental impact assessments
- Detection of contaminants in biological resources and sediments

Examples of specific activities within GEM that address each of these needs are presented and discussed in the GEM Science Plan (Attachment 1).

Objectives

Management of the GEM program revolves around developing and maintaining three critical documents:

- Objective 1. GEM Science Plan
- Objective 2. GEM Invitation for Proposals
- Objective 3. GEM Work Plan

Objective 1: GEM Science Plan

The GEM Science Plan (Attachment 1) is a working reference document derived directly from the GEM Program Document and serves as the origin of the Invitation for Proposals and the Work Plan. The Science Plan is updated as often as necessary and contains the following information:

- Geographic scope and scale within which data acquisition occurs;
- Latest relevant scientific information on habitat types and the processes that connect them;
- Hypotheses across and within habitat types that organize the information into coherent explanations of what controls change in the region's populations of birds, shellfish and mammals;
- Gaps in knowledge of population control mechanisms that need to be filled in order to detect, understand and predict changes in the region's animal populations;
- Summaries and details of the existing data collection programs and how GEM efforts are designed to complement them;
- GEM work in progress;
- GEM work that needs to be done as soon as possible;
- Current expectations for work in the future; and
- Current and prospective status of the two GEM implementation strategies: community involvement and management applications and products.

There are two elements to Objective 1:

Objective 1.1: Science Plan Production

Objective 1.2: Science Plan Maintenance

Objective 2: GEM Invitation for Proposals

The GEM Invitation for Proposals is a clear statement of what the Trustee Council needs in a given fiscal year from scientists and others in the public and private sectors. The annual Invitation is derived directly from the GEM Science Plan and is intended to guide both the proposers in crafting proposals and peer reviewers and the Scientific and Technical Advisory Committee (STAC) during the review process, and to serve as an

informative tool for the public. The Invitation is critically important to the success of the program, since it is responsible for communicating to potential implementers of the GEM program.

There are two elements to Objective 2:

Objective 2.1: Invitation Production

Objective 2.2: Invitation Maintenance

Objective 3: GEM Work Plan

To develop the GEM Work Plan, projects are selected by an open competitive proposal process through responses to the Invitation for Proposals. The evaluation of proposals uses independent volunteer peer reviewers selected globally for specific expertise relevant to the proposal, and members of the Scientific and Technical Advisory Committee (STAC), a committee of nationally recognized senior scientists who develop programmatic recommendations for funding from among the peer reviewed proposals. The STAC is supported by a standing subcommittee of volunteer regional scientific and technical experts, and temporary work groups as needed.

There are two elements to Objective 3:

Objective 3.1: Work Plan Scientific Advice

Objective 3.2: Work Plan Scientific Review

Approach

Introduction

The overall direction of the GEM program comes from the GEM Program Document, as adopted by the *Exxon Valdez* Oil Spill Trustee Council (Trustee Council). The GEM program will be planned and implemented through the collective efforts of staff employed by the Trustee Council, volunteers from the public and private sectors as part of a community involvement effort, and public and private sector contractors selected by an open competitive proposal invitation process. The process engages all sectors of the marine sciences community, including private, academic and government, and non-government.

The senior management team for the GEM Program consists of the EVOS Executive Director, the GEM Science Director, and the GEM Data Systems Manager. Developing a program of this nature however, which depends significantly on collaboration and coordination with a multitude of other governmental (both state and federal) and non-governmental efforts, requires significant "upfront" support. Funding is requested to provide additional staff (science coordinator, data programmer and administrative assistant), contractual support, and travel for the early years of implementing the GEM Program.

Schedule

The GEM program will be implemented during an annual cycle that coincides with the federal fiscal year, October 1 – September 30. Activities contributing to meeting each of the objectives will be conducted once a year in the following sequence:

- November – February: Invitation for Proposals
- February – June: Work Plan
- July – October: Science Plan

Approach, Products and Due Dates by Objective

Objective 1.1: GEM Science Plan Production

The senior management team is tasked with ensuring that the Science Plan is responsive to the overall direction of the Trustee Council, the GEM Program Document, and the public process (including the Public Advisory Committee) which is an essential component of the program. GEM staff are responsible for ongoing development of the Science Plan. Specific activities include briefings, workshops and work groups, writing, editing, oversight of review, and distribution.

Product and due date: 1) Draft Science Plan, updated October each year.

Objective 1.2: GEM Science Plan Maintenance

GEM staff are responsible for maintaining products that are essential to ongoing development of the Science Plan. This will allow the Science Plan to be used: 1) as a scientific reference on specific monitoring issues; 2) a reference on similar activities for collaboration and to avoid duplication; 3) a record of GEM activities in progress; 4) a tool for identifying prospects for future GEM activities. Maintenance activities include consultation and coordination with other marine research efforts to develop a network of partnerships to complement core GEM monitoring efforts.

Products and due dates: 1) GEM ProCite electronic bibliography of North Pacific marine scientific literature continuously available; and 2) GEM database of regional marine science activities as part of larger North Pacific database, continuously available.

Objective 2.1: GEM Invitation Production

GEM staff are responsible for developing a scientifically sound draft Invitation for review by the Trustee Council and its public process. Specific activities include writing, editing and distribution.

Product and due date: 1) Invitation for Proposals, February each year.

Objective 2.2: GEM Invitation Maintenance

GEM staff are responsible for maintaining the scientific content of the Invitation and for insuring that the format and procedures are appropriate to a scientific audience. The Invitation is to be maintained in a manner that supports at a minimum the following uses by all concerned: 1) instruction on what kinds of proposals are needed to address specific monitoring and research issues; 2) references on opportunities for collaboration and how to avoid duplicating efforts of existing activities; and 3) links to relevant GEM activities

in progress. Maintenance activities include consultation and coordination with other marine research efforts to insure GEM invites proposals that add to core GEM monitoring efforts.

Product and due date: 1) Standard Instructions for Proposals, updated February of each year.

Objective 3.1: Work Plan Scientific Advice

GEM staff are responsible for producing the scientific content of the draft annual Work Plan from the peer review-STAC process. Specific activities include collecting and editing content.

Products and due dates: 1) Draft Work Plan, June each year; and 2) Final Work Plan, December each year.

Objective 3.2: Work Plan Scientific Review

GEM staff assigns proposals to reviewers, and have the results of each review sent to the STAC. The Science Director participates in programmatic proposal review as a member of the STAC. The Science Director edits the conclusions of the STAC with respect to each proposal.

Products and due dates: 1) GEM Database of peer reviewers, June each year; 2) Draft Work Plan, June each year; and 3) Final Work Plan, December each year.

Project Management

The Trustee Council adopted the GEM program after an extensive public review and positive recommendations from the National Research Council in July 2002. The Trustee Council staff has been engaged in planning for the implementation of the GEM program since August 1999, and approximately \$1 million dollars has been invested in planning since that time, including support for the NRC review, GEM Science Management, GEM Data Management, preparation of the scientific synthesis (Chapter 7) and other parts of the GEM Program Document, and public outreach including workshops, meetings, and public presentations. The institutional commitment to the GEM program has been very strong, and is expected to continue in the future.

Molly McCammon has served as executive director of the *Exxon Valdez* Oil Spill Trustee Council for more than eight years. The Trustee Council is the joint federal-state entity entrusted with managing the restoration program funded by a \$900 million trust created through a court-approved settlement following the 1989 *Exxon Valdez* oil spill. The Trustee Council's programs are viewed as a model internationally because of their emphasis on long-term monitoring from the initial damage assessment of oil spill injury, to restoration and recovery, and now to an endowed ecosystem monitoring program. The GEM Program is viewed as the Trustee Council's lasting legacy for the original spill-impacted region of the northern Gulf of Alaska. Ms. McCammon's expertise is managing the coordination and collaboration between governmental and non-governmental entities and the public essential to such a multi-faceted program. The principal investigator, Dr. Phillip R. Mundy, is fully qualified to lead the science management of the GEM program by virtue of his extensive experience in scientific

research in Alaska, his background in fisheries and oceanography, his broad experience with governmental and non-governmental institutions that have marine science and other environmental missions, and his extensive network of contacts in scientific circles in the North Pacific and the nation. In addition to his scientific experience and credentials, Dr. Mundy has administrative experience appropriate to the nature and geographic scope of GEM. As Chief Fisheries Scientist, Alaska Department of Fish and Game, Dr. Mundy supervised an immediate staff of five scientists and one clerical staffer, was responsible for statewide research issues, and was part of the process of building statewide budgets for research operations. As Manager of the Fisheries Science Department, Columbia River Inter-Tribal Fish Commission, Dr. Mundy supervised a staff of nine scientists and one clerical staff and was responsible for pursuing research issues throughout the Columbia River Basin in Washington, Oregon, and Idaho in cooperation with agencies of state, tribal and federal governments.

Robert Bochenek is a recent addition to the GEM project team, currently serving as the Data System Manager for the program. Mr. Bochenek has spent most of his professional life creating computer based systems to archive, analyze and disseminate scientific data and information products. While working at the Alaska Department of Fish and Game he was successful in re-engineering their informational data systems to make them web accessible and subsequently increase their usability and worth. He is currently working as the primary technical lead for architecting the GEM data system and helping GEM affiliates develop a regional distributed data system which has come to be known as the Coastal Alaska Observation System (CAOS). Mr. Bochenek's efforts will ensure that information collected through the GEM program will be available for generations to come.

Partnerships

As the creature of a state-federal trustee council, the GEM program has been developed under policies that call for leveraging of funds and interagency coordination and partnerships. Institutions currently making financial contributions to GEM by donating the services of scientists for GEM subcommittees include the Alaska Department of Fish and Game, Biological Research Division U.S. Geological Survey, Cook Inlet Regional Citizens Advisory Council, National Marine Fisheries Service, U.S. Fish and Wildlife Service, University of Alaska, and the Chugach Regional Resources Commission. GEM projects in planning or currently underway are to be conducted with the Prince William Sound Citizens Advisory Council, the Alaska Department of Fish and Game, Kachemak Bay National Estuarine Research Reserve (NOAA-NOS), the Institute of Marine Sciences, University of Alaska Fairbanks, and the Prince William Sound Science Center. In the course of designing the GEM program, 1999-2002, virtually every governmental and non-governmental marine science and environmental organization active in the Gulf of Alaska contributed labor (GEM Program Document-Acknowledgements). In addition, the GEM program is designed and implemented to insure that there will not be duplication of effort in monitoring and research, through its reliance on a database of North Pacific marine science activities, and through the emphasis on strategic

partnerships with regional marine laboratories, government agencies, and other institutions.

Application of Results

In the absence of good data and information, human activities and uses of marine resources often are blamed for any changes to those resources and the overall marine environment. Long-term monitoring of marine resources and ecosystems is essential to adequately document those changes, assess whether they're due to natural forces or anthropogenic factors, and provide the necessary backup for resource management and permitting. Thus, the data and information products generated by the GEM Program should be of immediate use to resource managers, planners and permittees.

More specifically, the GEM Program has been instrumental in developing a prototype operational fisheries oceanography project (involving a physical oceanographer and a fishery biologist) to improve the regulatory structure of the Cook Inlet salmon commercial fishery. In addition, one of the first GEM projects adopted by the Trustee Council in 2002 is developing measures of the impact of subsistence harvests on an important intertidal resource, the black gumboot (a chiton). This is a critical subsistence resource that is poorly understood and is not routinely monitored by federal and state agencies.

The GEM data management and information transfer component (GEM Program Document, Chapter 9) is specifically designed to support user outreach and education via web-based services. Data management and information transfer was identified as an essential component of GEM early in the National Research Council Review of GEM (NRC 2002). All GEM projects are required to develop a data management plan which includes a schedule for delivering the data and information products to the public in a timely manner. The current GEM web site <http://www.oilspill.state.ak.us/gem/index.html> presently contains a wealth of information on the marine sciences in the northern Gulf of Alaska, as well as links to hundreds of web sites for other marine science organizations.

Cost Efficiency

Cost efficiency is attained in the GEM program through two strategies: the use of volunteer scientists and other volunteer expertise from private and public sectors in the attainment of the Science Plan and the Invitation for Proposals (Objectives 1 and 2), and the automation of administrative tasks surrounding the peer review process essential to development of the Work Plan (Objective 3). In the preparation of the first GEM Science Plan, 125 scientists and knowledgeable members of the public donated an average of eight hours each. As part of maintaining the GEM Science Plan and producing the Invitation, the eleven members of the habitat subcommittee who serve without compensation from the GEM program are expected to contribute the equivalent of two weeks a year to the program. During the first peer review of GEM proposals in the fall of 2002, ninety-one peer reviews were received from volunteer scientists.

All peer review correspondence is automated through the use of computer programs and the Internet. Peer reviewers are solicited by an e-mail program that draws names from a database of willing peer reviewers developed by the science management program. Persons responding positively to the request for peer review services are sent forms and proposals via e-mail, and are encouraged to respond by e-mail. Over time, the automated processes will become more efficient through improvements in software made possible by our experience and by faster hardware.

The large pool of willing peer reviewers necessary to make the GEM peer review process possible (more than 800) is made possible by the extensive networking undertaken by GEM staff through travel to regional, national and international scientific meetings. Promotion of the GEM program in these venues has also opened up many opportunities for cost savings through sharing research platforms with other, larger programs. The GEM program will be continuing to improve and expand its network of marine science contacts.

Budget Narrative

The request is for \$745,125 over three years (\$248,375). Year 1 will be July 1, 2003-June 30, 2004. Year 2 will be July 1, 2004-June 30, 2005. Year 3 will be July 1, 2005-June 30, 2006.

Personnel: Two currently unfilled positions will be funded primarily (75% of their time) with CSC grant funds. The Science Coordinator and the Data Programmer will assist the senior management team for the GEM program in the objectives related to establishing a coastal observing and monitoring system--the GEM Science Plan, Invitation, and Scientific Advice and Review. The Science Coordinator will provide the primary staff support to the STAC (Scientific and Technical Advisory Committee), assume primary responsibility for managing the scientific review process, edit and oversee production of the annual update of the GEM Science Plan and GEM Invitation, work with tribes and other stakeholder and community groups to ensure community involvement in the GEM program, and provide general assistance to the Science Director, Executive Director, and Program Director. The Data Programmer will support continued development and maintenance of the GEM database of peer reviewers, the GEM database of North Pacific marine scientific literature, and the GEM database of regional marine science activities, as well as provide general assistance to the Data Systems Manager. Nine months of an Administrative Assistant will also be funded with CSC funds to provide general administrative support to implementation of the GEM program. Note that the personnel costs shown include fringe benefits.

Travel:

- STAC travel assumes two 2-day meetings in Anchorage. Includes airfare from Washington, D.C. for O'Dor (\$1,300), from Virginia for Royer (\$1,300), from Oregon for Miller (\$700), and from Fairbanks for Norcross (\$300). Includes 22 days expenses

(hotel, meals, taxi/car rental) at \$200/day (includes a travel day in addition to meeting days for O'Dor, Royer and Miller).

- PICES travel is for 2 staff to attend meeting (assume international travel). Includes airfare (estimate \$2,000/ticket) and 10 days expenses (hotel, meals, taxi/car rental) at \$260/day.
- GLOBEC travel is for 2 staff to attend meeting (assume national travel). Includes airfare (estimate \$1,000/ticket) and 6 days expenses (hotel, meals, taxi/car rental) at \$220/day.
- CAOS travel is for 2 staff to attend meeting (assume regional travel). Includes airfare (estimate \$500/ticket) and 4 days expenses (hotels, meals, taxi/car rental) at \$200/day.
- Other travel is to support staff participation in other meetings, both within and outside of Alaska, that are part of regional and national efforts to establish coastal observing and monitoring systems. For example, in the past year staff has attended a remote sensing workshop in Homer, Alaska, a traditional ecological knowledge/Native observations workshop in Tatitlek, Alaska, and the GOOS and IOOS planning sessions in Washington, D.C. Trips to Washington, D.C. are budgeted at \$1,000/air ticket and \$300/day expenses (hotels, meals, taxi/car rental). Trips within Alaska are budgeted at \$500/air ticket and \$200/day expenses (hotels, meals, taxi/car rental).

Contractual: Four of the STAC (Scientific and Technical Advisory Committee) members (those who are not federal or state employees) are compensated for their services through contracts with the Trustee Council. Payment is \$500/hour; 20 hours of service are estimated for each member.

Administrative Fees: This fee (roughly 9% of project costs) covers the costs of payroll and personnel functions, accounting functions, and administrative contract monitoring.

Other Funds: The Executive Director, Science Director, and Data Manager are all funded with *Exxon Valdez* Oil Spill Joint Trust Funds, as are all indirect costs (these are costs incurred for common or joint purposes, such as space lease, hardware/software, staff training) and additional travel costs.

STAC

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council Members

FROM: Vera Alexander, Acting Chair
STAC Nominating Committee

THRU: Molly McCammon
Executive Director

DATE: January 31, 2003

The STAC Nominating Committee met on January 30, 2003 to consider nominations received for an opening on the Trustee Council's Scientific and Technical Advisory Committee (STAC), created by the resignation of Warren Wooster. Members of the committee present were Vera Alexander, Hal Batchelder, Patricia Livingston, and Clarence Pautzke. Molly McCammon and Phil Mundy were in attendance as staff to the nominating committee.

Executive Director Molly McCammon had previously solicited nominations for someone with physical oceanography expertise since December, 2002. Three nominations were received:

- Tom Royer, Professor and Acting Chair of the Department of Ocean, Earth and Atmospheric Sciences at Old Dominion University and Professor Emeritus at the University of Alaska
- Knut Aagaard, Principal Oceanographer with the Applied Physics Laboratory at the University of Washington
- Two Crow (Jim Schumacher), private consultant, and retired NOAA supervisory oceanographer

The committee considered the qualifications of the candidates, which were all outstanding. Based on this review and discussion, the committee recommends that Tom Royer (resume attached) be appointed to serve out the remainder of Warren Wooster's two-year term (until April 2004), at which time he would be eligible for reappointment to a full four-year term. Jim (Two Crow) Schumacher and Knut Aagaard are both recommended as alternates for Tom.

Biographical Sketch of
THOMAS C. ROYER

Born:

Battle Creek, Michigan .

Education:

Ph.D. Texas A&M University, 1969, Physical Oceanography
M.S. Texas A&M University, 1966, Physical Oceanography
A.B. Albion College, 1963, Physics and Mathematics

Member:

Professional

American Association for the Advancement of Science
American Geophysical Union
American Meteorological Society
The Oceanography Society, Charter Life Member

Honorary

Sigma Xi

Special Research Interests:

Mesoscale ocean circulation with emphasis on sub-polar gyres; coastal boundary currents.

Experience:

Positions

Slover Professor of Oceanography, Old Dominion University, 1996 –
Professor Emeritus, University of Alaska, 1997-
Professor, University of Alaska, 1981-1996
Chancellor's Faculty Associate for Research, University of Alaska Fairbanks, 1992-1993
Associate Editor, Journal of Geophysical Research, 1983-1989
Sabbatical Leave from University of Alaska, 1977-1978
Visiting Associate Professor, Texas A&M University, 1977-1981
Associate Professor, University of Alaska, 1974-1981
Assistant Professor, University of Alaska, 1969-1974

Service (Most recent)

Member, Gulf of Alaska Ecosystem Monitoring Plan Review, National Research Council, 2000-
Vice Chair, University National Oceanographic Laboratory System (UNOLS), 1996-2000
Member, Scientific Steering Committee, Coastal Ocean Processes (CoOP) Program-1996-1999
Member, PICES Technical Committee on Data Exchange (TCODE), U.S. Representative, 1996-
Member, Ocean Studies Board, National Research Council, 1994-1997
Member, The Committee on the Bering Sea Ecosystem, National Research Council, 1993-1995
Member, UNOLS Advisory Council, 1993-1996
Chair, University of Alaska Ship Committee, 1974-1996.

Member, The Committee on Major Ocean Programs, National Research Council, 1996-8
Review Panel Member, National Academy of Sciences, Associateship Program, 1981-
Member, National Climate Assessment Program, Coastal and Marine Resource Sector, NOAA,
1998- 1999

Honors

Received Edith R. Bullock Award for Excellence, University of Alaska, (\$15,000 award) 1993
Received Editors Award for Service to *Journal of Geophysical Research Oceans*, American
Geophysical Union, 1990
Received a creativity extension award from the National Science Foundation, 1986-1988

Selected Publications:

Most Relevant (Five):

Royer, T.C., C. E. Grosch, and L. A. Mysak. 2001. Interdecadal Variability of Northeast Pacific Coastal Freshwater and its implications on Biological Productivity. *Progress in Oceanography*, 49:95-111.
Li, C.-Y., A. Valle-Levinson, L. Atkinson, and T. Royer. 2000. Inference of tidal elevation in shallow water using a vessel-towed ADCP. *J. Geophys. Res.*, 105: 26,225-26,236.
Woody, C. E. Shih, J. Miller, T. Royer, L. P. Atkinson and R. S. Moody. 2000. Measurements of salinity in the coastal ocean: A review of requirements and technologies. *Marine Technology Society Journal*: 34:2, 26-33.
Valle-Levinson, A., C. Li, T.C. Royer and L.P. Atkinson. 1998. Flow patterns at the Chesapeake Bay entrance. *Continental Shelf Research*, 18:1157-1177.
Elsner, R., V. Alexander, and T. C. Royer. 1995. Meeting the challenge, research vessel support in the Arctic. *Mar. Tech. Soc. J.* 28:28-33.

Five other recent publications:

D. Scavia, J.C. Field, D. F. Boesch, R. W. Buddemeier, V. Burkett, D. R. Cayan, M. Fogarty, M. A. Harwell, R. W. Howarth, C. Mason, D. J. Reed, T. C. Royer, A. H. Salienger, and J. G. Titus. 2002. Climate Change Impacts on U.S. Coastal and Marine Ecosystems. *Estuaries* (Accepted).
Royer, T. C. and W. R. Young. 1999. Exciting, Unsettling Changes in Store for Physical Oceanography, *EOS Transactions, Amer. Geophys. Union*, 80:394-395.
Royer, T. C. 1998. Coastal Ocean Processes in the Northern North Pacific. *In: The Sea, Vol. 11*, Edited by K. H. Brink and A. R. Robinson, John Wiley & Sons, New York, 395-414.
Royer, T. C. and P. J. Stabeno, 1998. Polar Ocean Boundaries, *In: The Sea, Vol. 11*, Edited by K. H. Brink and A. R. Robinson, John Wiley & Sons, New York, 69-78.
Vincent, C.L., T. C. Royer and K. H. Brink. 1993. Long Time Series Measurements in the Coastal Ocean: A Workshop. *Coastal Ocean Processes (CoOP) Rpt. #3*, WHOI-93-49, 96 pp.
Collaborators: D. Boesch., P. Stabeno, A. Valle-Levinson, C. Li, L. Atkinson, L. Mysak, C. Grosch, B. Hickey D. Scavia, J. Field, D. Boesch, R. Buddemeier, V. Burkett, D. Cayan, M. Fogarty, M. Harwell, R. Howarth, C. Mason, D. Reed, A. Salienger, J. Titus. C. Woody, E. Shih, J. Miller, and R. Moody
Graduate Students/Post Docs - D. Salmon (PhD), Z. Luo (PhD), R. Marshall (PhD), T. Weingartner (Post Doc)
Thesis Advisor - Robert O. Reid

**RESOLUTION 03-05 OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
REGARDING SMALL PARCELS KEN 1101/KNOL, KEN 1102/NAKADA,
KEN 1103/THOMPSON**

We, the undersigned, duly authorized members of the *Exxon Valdez* Oil Spill Trustee Council ("Council"), after extensive review and after consideration of the views of the public, find as follows:

1. By resolution adopted at its meeting on January 16, 2001, the Council implemented a small parcel acquisition program through identical grants to The Conservation Fund and The Nature Conservancy (the grant to The Nature Conservancy is hereinafter referred to as the "Grant"), administered by the United States Department of the Interior;

2. The Conservation Fund and The Nature Conservancy identified the KEN 1001/Knol , KEN 1102/Nakada and KEN/1103 Thompson small parcels as small parcels to be considered for acquisition under the Grant and consulted with the Council at its meeting on December 11, 2001 concerning the purchase of these parcels;

3. An appraisal of the approximately 37-acre KEN 1101/Knol parcel completed by MacSwain & Associates determined that the fair market value of the Knol parcel is \$100,000. The Nature Conservancy purchased the KEN 1101/Knol parcel in November 2001 for \$80,000 and has agreed to sell the property to the State of Alaska for \$80,000;

4. An estimate of value of the approximately 5-acre KEN 1102/Nakada property completed by The Nature Conservancy determined that the fair market value of the Nakada parcel is \$27,500. The Nature Conservancy purchased the KEN 1102/Nakada parcel in December 2002 for \$15,000 using a grant from a private foundation with intent to donate the property to the State of Alaska;

5. An appraisal of the approximately 61-acre KEN 1103/Thompson parcel completed by MacSwain & Associates determined that the fair market value of the Thompson parcel is \$90,000.

The Nature Conservancy purchased the KEN 1104/Thompson parcel in February 2003 for \$90,000 and has agreed to sell the property to the State of Alaska for \$90,000;

6. As set forth in Attachment A, Acquisition Information Package for KEN 1101, KEN 1102, and KEN 1103, if acquired, these small parcels have attributes which will restore, replace, enhance and rehabilitate injured natural resources and the services provided by those natural resources, including important habitat for several species of fish and wildlife for which significant injury resulting from the spill has been documented. Acquisition of these small parcels will assure protection of approximately 103 acres. The parcels support restoration goals by protecting an intact section of the floodplain of the lower Anchor River. The parcels, when combined with adjacent lands owned by the State of Alaska (managed for recreation and wildlife habitat protection) and the Kachemak Heritage Land Trust, will conserve over two miles of riverbank and over 500 acres of riparian / floodplain ecological systems. This stretch of the river is important for spawning and rearing for four species of salmon and Dolly Varden and supports the largest steelhead run in Cook Inlet. The lower part of the river supports very heavily used sport fisheries for steelhead, king and coho salmon, rainbow trout and Dolly Varden. The parcel is important to the sport fishing and tourism industries, both of which were impacted by the *Exxon Valdez* Oil Spill "EVOS".

7. Existing laws and regulations, including but not limited to the Alaska Forest Practices Act, the Alaska Anadromous Fish Protection Act, the Clean Water Act, the Alaska Coastal Management Act, the Bald Eagle Protection Act and the Marine Mammal Protection Act, are intended, under normal circumstances, to protect resources from serious adverse effects from activities on the lands. However, restoration, replacement and enhancement of resources injured by the EVOS present a unique situation. Without passing judgment on the adequacy or inadequacy of existing law and regulations to protect resources, scientists and other resource specialists agree that, in their best professional judgment, protection of habitat in the spill area to levels above and beyond

that provided by existing laws and regulations will have a beneficial effect on recovery of injured resources and lost or diminished services provided by these resources;

8. There has been widespread public support for the acquisition of lands within Alaska as well as on a national basis;

9. The purchase of these parcels is an appropriate means to restore a portion of the injured resources and services in the oil spill area. Acquisition of these parcels is consistent with the Final Restoration Plan.

THEREFORE, we resolve to provide funds to the United States Department of the Interior for the State of Alaska to acquire all the seller's rights and interests in the small parcels KEN 1101, KEN 1102, and KEN 1103 pursuant to the following conditions:

(a) The amount to be provided by the Trustee Council from Grant funds (hereinafter referred to as the Purchase Price) shall be eighty thousand dollars (\$80,000) for small parcel KEN 1101/Knol, zero dollars (\$0.00) for KEN 1102/Nakada, and ninety thousand dollars (\$90,000) for KEN 1103/Thompson;

(b) authorization for funding for the acquisitions described in the foregoing paragraph shall terminate if a purchase agreement is not executed or purchase of the parcels is not completed by June 30, 2003;

(c) filing by the United States Department of Justice and the Alaska Department of Law of a notice, as required by the Third Amended Order for Deposit and Transfer of Settlement Proceeds, of the proposed expenditure with the United States District Court for the District of Alaska and, if necessary, with the Investment Fund established by the Trustee Council within the Alaska Department of Revenue, Division of the Treasury ("Investment Fund") and transfer of the necessary monies from the appropriate account designated by the Executive Director of the Trustee Council (Executive Director);

(d) a conservation easement on parcels KEN 1101, KEN 1102, and KEN 1103 shall be conveyed to the United States which must be satisfactory in form and substance to the United States

and the State of Alaska Department of Law;

(e) no timber harvesting, road development or any alteration of the land will be initiated on the land without the express agreement of the State of Alaska and the United States prior to purchase; and

(f) compliance with the terms and conditions of Paragraph 6.b. of the Grant:

- (i) title search;
- (ii) a determination that the seller is willing and able to convey title in a form satisfactory to the State of Alaska and Bureau of Land Management of the Department of the Interior of the United States;
- (iii) an executed purchase or option agreement and conveyance documents that are ready for execution;
- (iv) hazardous materials survey; and
- (v) statement of compliance with the National Environmental Policy Act;

(g) determination by a State of Alaska review appraiser that the appraisal for small parcel KEN 1101/Knol satisfies the EVOS appraisal requirements and that estimated fair market value of the parcel as determined by the appraisal is not less than eighty thousand dollars (\$80,000);

It is the intent of the Trustee Council that the above referenced conservation easement will provide that any facilities or other development on the foregoing small parcels shall be of limited impact and in keeping with the goals of restoration, that there shall be no commercial use except as may be consistent with applicable state or federal law and the goals of restoration to prefill conditions of any natural resource injured, lost, or destroyed as a result of the EVOS, and the services provided by that resource or replacement or substitution for the injured, lost or destroyed resources and affected services, as described in the Memorandum of Agreement and Consent Decree between the United States and the State of Alaska entered August 28, 1991 and the Final Restoration Plan as approved by the Council.

By unanimous consent, following written notice from the Executive Director that the terms and conditions set forth herein have been satisfied, we request the Alaska Department of Law

and the Assistant Attorney General of the Environment and Natural Resources Division of the United States Department of Justice to take such steps as may be necessary for withdrawal of the Purchase Price for each of the above-referenced parcels from the appropriate account designated by the Executive Director.

Such amounts represent the only amounts due under this resolution to the sellers by the State of Alaska to be funded from the joint settlement funds, and no additional amounts or interest are herein authorized to be paid to the sellers from such joint funds.

Approved by the Council at its meeting of April 23, 2003 held in Juneau, Alaska, as affirmed by our signatures affixed below:

JOE L. MEADE
Forest Supervisor
Forest Service Alaska Region
U.S. Department of Agriculture

GREGG RENKES
Attorney General
State of Alaska

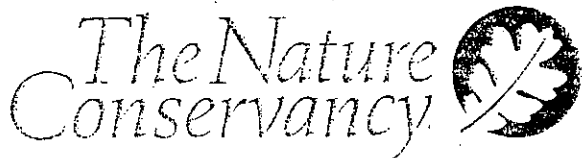
DRUE PEARCE
Senior Advisor to the Secretary
for Alaskan Affairs
U.S. Department of the Interior

JAMES BALSIGER
Administrator, Alaska Region
National Marine Fisheries Service

KEVIN DUFFY
Commissioner
Alaska Department of
Fish and Game

ERNESTA BALLARD
Commissioner
Alaska Department of
Environmental Conservation

Attachment A – Acquisition Information Package



SAVING THE LAST GREAT PLACES ON EARTH

Randy Hagenstein
Director of Conservation Programs
121 West First Avenue, Suite 200
Anchorage, AK 99501
(907) 276-3133 fax (907) 276-2531

March 31, 2003

Molly McCammon
Executive Director
Exxon Valdez Oil Spill Trustee Council
441 West 5th Avenue, Suite 500
Anchorage, AK 99501-2340

Dear Molly,

Enclosed please find the Acquisition Information Package for three properties The Nature Conservancy has purchased under the small parcel habitat protection grant to The Nature Conservancy and The Conservation Fund. These properties are KEN 1101 (Knol tract), KEN 1102 (Nakada tract), and KEN 1103 (Thompson tract) located along the Anchor River. All of these parcels are priorities for the Alaska Department of Fish and Game for restoration of salmonids and recreational uses (please see the attached letter from ADFG Commissioner Rue dated 10/30/01).

As specified by the Grant Agreement, the enclosed packages provide the following information about each property:

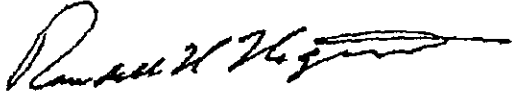
- a) legal description of the parcel;
- b) property owner;
- c) acreage;
- d) map showing location;
- e) description of property and restoration value;
- f) entity that will own and manage the property (including letter of commitment);
- g) statement of appraised value and government review of appraisal; and
- h) matching funds (if any).

The properties are located approximately eight miles upstream from the mouth of the Anchor River and have all been acquired by The Nature Conservancy. These three tracts, when combined with existing state lands and properties owned by the Kachemak Heritage Land Trust, will protect over two miles of river frontage and 500 acres of contiguous intact floodplain communities. This portion of the Anchor River provides rearing habitat for several species of anadromous fish and provides some of the best steelhead fishing in the state. Bald eagles nest and feed extensively along this portion of the river. Finally, the lower floodplain provides critical overwintering habitat for moose. The Nature Conservancy purchased the 37-acre Knol property in November 2001 for \$80,000, \$20,000 below fair market value. The 63-acre

Thompson tract was purchased February 28, 2003 for \$90,000. The 5-acre Nakada property was purchased in December 2002 through a bargain sale (i.e., below fair market value (FMV) with donative intent) for \$15,000 with the use of private funding. We intend to donate the Nakada property to the state as part of this 3-property transaction. These deals are significantly leveraged through below-FMV sales and private funding. It is our hope that the Trustee Council can take up these parcels at the April 24, 2003 meeting.

Please contact me at (907) 276-3133 x-119 with any questions.

Best Regards,



Randy Hagenstein
Director, Conservation Programs

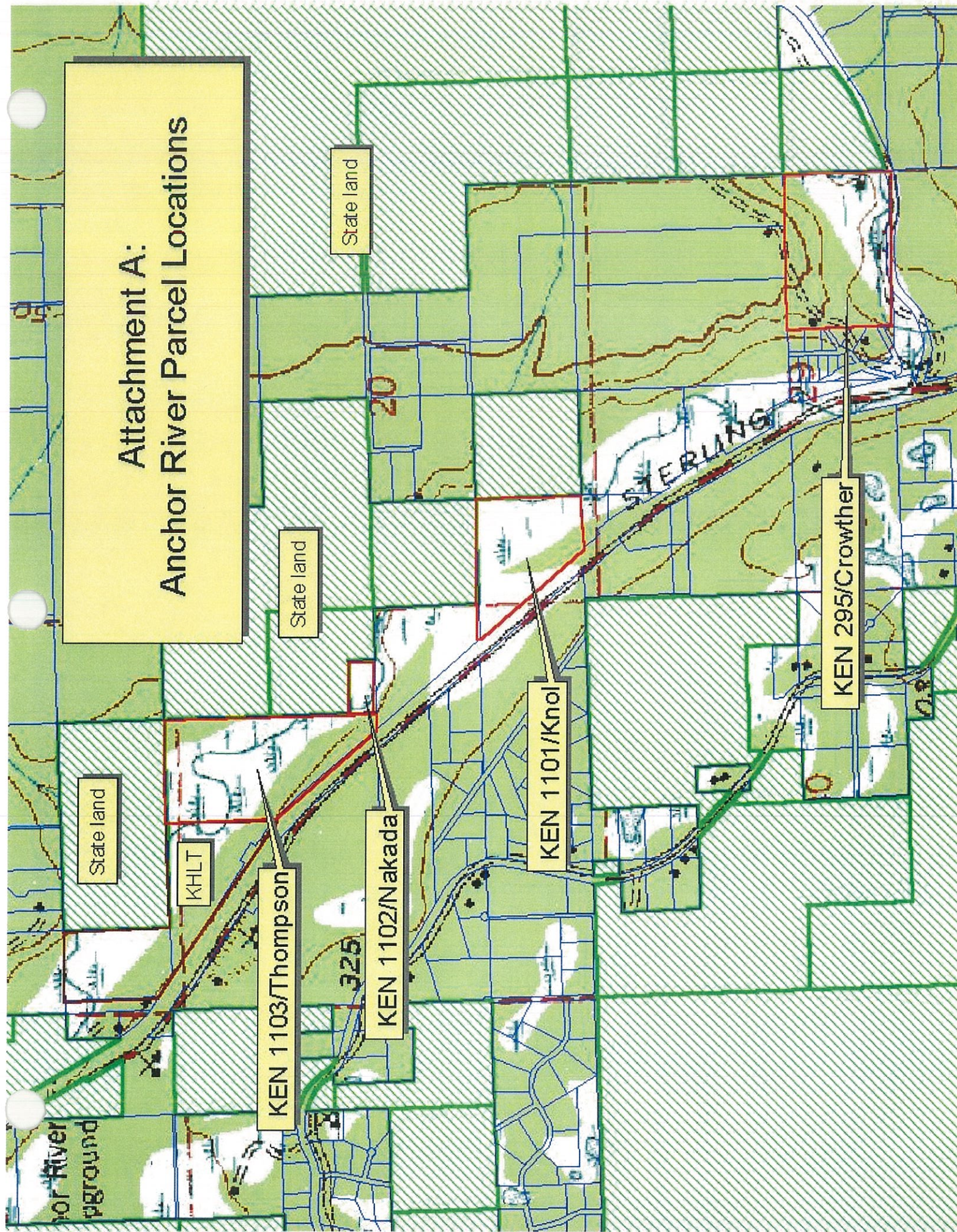
Acquisition Information Package for:

KEN 1101 (Knol), KEN 1102 (Nakada), KEN 1103 (Thompson) parcels

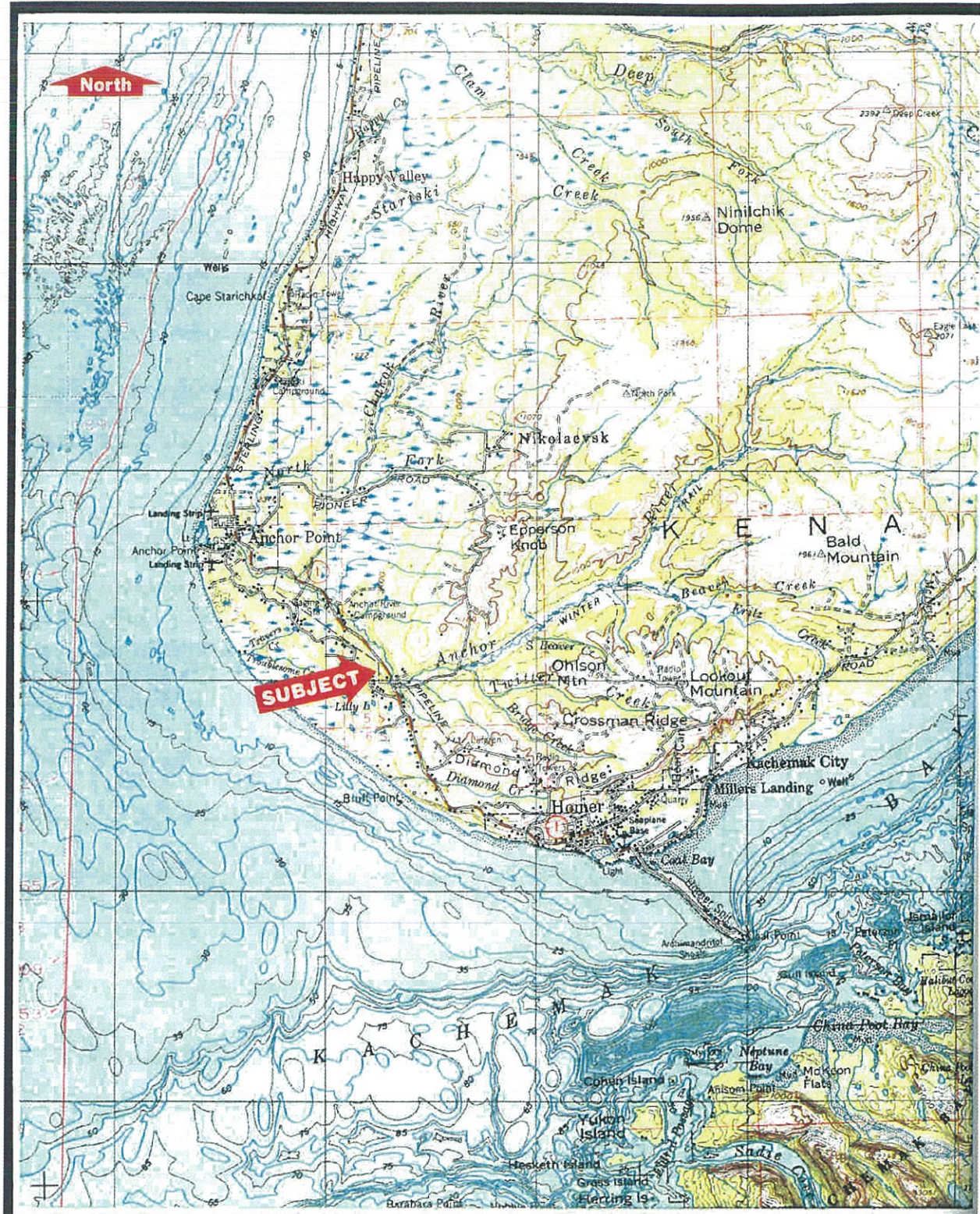
<i>Legal Descriptions:</i>	<ul style="list-style-type: none">♦ KEN 1101 (Knol) parcel: T05S R14W S19 S1/2 SW1/4 SE1/4 NE1/4, Seward Meridian♦ KEN 1102 (Nakada) parcel: T05S R14W S19 S1/2 SW1/4 SE1/4 NE1/4, Seward Meridian♦ KEN 1103 (Thompson) parcel: Portion of W2NE4, S19, T5s, R14W, SM, lying NE of Sterling Highway right-of-way.
<i>Owner:</i>	<ul style="list-style-type: none">♦ KEN 1101: Currently owned by The Nature Conservancy; purchased from Sharon Knol in November 2001.♦ KEN 1102: Currently owned by The Nature Conservancy; purchased from Mike Nakada in December 2002.♦ KEN 1103: Currently owned by The Nature Conservancy; purchased from Fred & Connie Thompson in February 2003.
<i>Acreage:</i>	<p>Combined acreage is 102.93 acres including:</p> <ul style="list-style-type: none">♦ KEN 1101: 37 acres♦ KEN 1102: 5 acres♦ KEN 1103: 60.93 acres
<i>Property Description and Restoration Value:</i>	<p>All three parcels are located along the lower Anchor River on the southern Kenai Peninsula approximately five miles southeast of Anchor Point (Attachments A and B). Acquisition of these small parcels will assure protection of approximately 103 acres. They are in the floodplain of the lower Anchor River, one of four priority aquatic systems identified in The Nature Conservancy's Cook Inlet Basin ecoregion assessment. Collectively, the parcels have approximately 3,300 feet of Sterling Highway frontage and over 3,600 feet of Anchor River frontage. The parcels, when combined with adjacent lands owned by the State of Alaska and the Kachemak Heritage Land Trust, will protect over two miles of riverbank and over 500 acres of riparian/floodplain ecosystem.</p> <p>For the lower 9 miles, the clear waters of the Anchor River meander through a floodplain about ½ mile in width consisting of river channels, meander scars, old river terraces, and adjoining wetlands. The vegetation includes willow thickets along the river banks, gallery stands of cottonwoods, dense</p>

	<p>Lutz spruce stands, and scattered sedge/grass/shrub wetlands. This stretch of the river is important for spawning and rearing for four species of salmon and supports the largest steelhead run in Cook Inlet. The river supports runs of king and coho salmon and one of the northernmost steelhead populations. The willow thickets are especially important as winter moose browse and the cottonwood stands provide nesting and roosting trees for numerous bald eagles.</p> <p>Protection of these tracts supports restoration of species and services injured by the Exxon Valdez Oil Spill by protecting habitat for salmonids and other fish species; nesting, resting and feeding habitat for bald eagles; and recreational and tourism uses.</p>
Receiving Agency:	Alaska Department of Fish and Game. Please see attached letter of intent (Attachment C).
Appraisal Information:	<p>Please see attached supporting fair market value documentation. Values for the properties are as follows:</p> <ul style="list-style-type: none"> ◆ KEN 1101: \$100,000 based on an appraisal dated December 15, 2001 by MacSwain and Associates (Attachment D). The Conservancy purchased this property for \$80,000. ◆ KEN 1102: \$27,500 based on a value assessment by The Nature Conservancy dated November 21, 2002 (Attachment E). The Conservancy purchased this property for \$15,000 using private foundation funds. ◆ KEN 1103: \$90,000 based on an appraisal dated September 10, 2002 by MacSwain and Associates (Attachment F). The Conservancy has a pending contract to purchase this property for \$90,000.
Matching Funds:	<p>The Conservancy has acquired the Knol property for \$20,000 below appraised value and has acquired the Nakada property for \$12,500 below its estimated fair market value. The \$15,000 purchase price for the Nakada property has been covered in its entirety by a private grant from the Wallace-Grey Research Foundation. Total savings to the EVOS Trustee Council for these three properties through bargain sales and private funding is \$47,500, or 22% of the total value of the properties.</p>

Attachment A: Anchor River Parcel Locations



Attachment B: Project Area



Attachment C: Alaska Department of Fish and Game letter of commitment

Sent By: ALASKA DEPT FISH & GAME HABITAT; 907 465 4759;

Oct-31-01 14:25;

Page 2/3

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 25528
JUNEAU, ALASKA 99802-5528
PHONE: (907) 465-4100
FACSIMILE: (907) 465-2332

October 30, 2001

David Banks, Director
The Nature Conservancy of Alaska
421 W 1st Avenue, Suite 200
Anchorage, AK 99501

Dear Mr. Banks:

The Alaska Department of Fish and Game (ADF&G) appreciates The Nature Conservancy's efforts in the acquisition of lands with important fish and wildlife and public use values. In furthering the mutual goals of our organizations, ADF&G requests the assistance of TNC in acquiring three parcels: a 37-acre property owned by Sharon Knol, a five-acre property owned by Henry Nakada, and a 60-acre property owned by Herndon & Thompson Leasing. All three properties are located along the Anchor River near Sterling Highway mile 163 and all are adjacent to existing state lands managed for wildlife habitat and public recreation.

The properties serve as important habitat for salmon, steelhead, overwintering moose, bald eagles and other species, and provide access to sportfishing opportunities. State ownership of these properties will ensure protection of and access to these important wetlands, which is vital for the maintenance of fishing and hunting opportunities along the Anchor River.

ADF&G will make every effort to repurchase the properties from TNC within two years from the date of purchase with moneys to be made available from Exxon Valdez Oil Spill funds through the small parcel acquisition program being administered by TNC and The Conservation Fund. We understand that TNC will bring these properties before the Exxon Valdez Trustee Council for approval. We also understand that TNC intends to acquire the Henry Nakada property for \$15,000 with private funds and that this property would be donated to the state as part of this package.

It is understood that our commitment to repurchase the land from TNC will be contingent upon our concurrence with the purchase price and condition of the properties. We further understand that we will be responsible for additional costs incurred by TNC in the acquisition of the property, including, in addition to the land cost, the cost of appraisals, title insurance, recording fees, attorney's fees, and other related expenses of TNC that result from the financing and

11-K2LH

PRINTED ON RECYCLED PAPER BY G.D.

Mr. David Banks

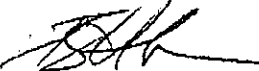
-2-

October 30, 2001

handling of the purchase. ADF&G's commitment to payment of these costs is contingent upon receipt of funding from the Exxon Valdez Oil Spill Trustee Council for these purposes. In the event we are unable to purchase the property from TNC within the above stated period, it is understood that TNC may place the property on the open market if no conservation purchasers can be found.

Thank you very much for your assistance. Once again, we appreciate the opportunity to work together to further the causes of conservation in Alaska.

Sincerely,



Frank Ruc
Commissioner

cc: Directors, Divisions of Wildlife Conservation, Sport Fisheries,
and Habitat & Restoration

Attachment D: Appraisal summaries and memorandum of Fair Market Value

KEN 1101 / Knol Property

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Fax: 907-561-1955

December 15, 2001

Randall H. Hagenstein
The Nature Conservancy of Alaska
Kachemak Bay Office
P.O. Box 3231
Homer, Alaska 99603-3231

Re: Valuation of the 37-Acre Knol Parcel located at Mile 163 Sterling Highway
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal Report* that analyzes the above referenced property. The appraised property represents a 37-acre parcel fronting the Anchor River and Sterling Highway near Anchor Point, Alaska. The purpose of the report is to estimate the market value of the fee simple estate of the subject property. The appraisal has been completed in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions (*UASFLA*) and the Uniform Standards of Professional Appraisal Practice (*USPAP*).

The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasons leading to the opinion of value. Based on the result of our investigation and analysis, the estimated market value of the subject property, as of November 9, 2001, is:

Estimated Market Value Subject Property

\$100,000

Your attention is directed to the Assumptions and Limiting Conditions for an explanation of restrictions and limitations of the report. We hope this report assists your evaluation of the subject property. If you have questions pertaining to our analyses or conclusion, please contact our office.

Respectively submitted,



Steve MacSwain, MAI

Summary of Facts & Conclusions

Purpose of Appraisal:	Estimate market value
Property Type:	Vacant land
Property Interest Appraised:	Fee simple estate
Location:	The property is located at Mile 163 of the Sterling Highway, near Anchor Point, Alaska.
Legal Description:	That portion of the Southwest ¼ Southwest ¼ of Section 20, lying East of the Sterling Highway, together with the portion of the Southeast ¼ Southeast ¼ of Section 19, lying East of the Sterling Highway all within Township 5 South, Range 14 West, Seward Meridian
Owner:	Sharon Knol per preliminary title documents
Size:	37-acres
Access:	Sterling Highway, a paved two-lane road
Frontage:	There is approximately 1,725 feet of Sterling Highway frontage and 1,500 feet of Anchor River frontage
Topography:	Undulating with the majority of the parcel below grade with the highway
Utilities:	Electricity and telephone
Highest and Best Use:	Recreational/residential
Date of Value:	November 9, 2001
Date of Report:	December 15, 2001

Estimated Market Value:	\$100,000 (\$2,500 to \$3,000 per acre)
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Memorandum

To: Steve Karbowski
From: Randy Hagenstein
Cc: Lauren Soliday; Kei Sochi; Anne Richards
Date: 11/21/02
Re: Kachemak Bay: Nakada tract documentation of value

The Alaska Chapter is evaluating purchase of the Nakada tract, a parcel totaling 5 acres along the Anchor River in the Kachemak Bay conservation area for \$15,000. The seller views this as a bargain sale and indicated that he will be obtaining an appraisal to document the FMV of the property.

In my professional judgement, the fair market value of the Nakada tract is \$27,500.

I base this judgement of value on the following evidence:

1. The Kenai Peninsula Borough assessment is \$23,500. Typically in this area the assessed value is less than the fair market value.
2. The Conservancy recently purchased a similar 37-acre property for \$80,000 (\$2,162/ac).
3. The Conservation Fund recently closed on a subdivided 46-acre property with stream frontage for \$200,000 (\$4,347/acre). The high unit cost of this transaction reflected the newly subdivided state of the property. None of the subdivided parcels had been sold.
4. A nearby 10 acre property was offered to the Conservancy for sale for \$110,000 (\$11,000/acre); this price was supported by an appraisal, although half of the attributed value was due to a site clearing, gravel driveway and landscaping to the site. A realistic value for the raw land is \$5,500/ac
5. A 19.84-acre property nearby sold in 3/01 for \$65,000 (\$3,276/acre).

These comparable properties are all larger in size than the Nakada tract. According to the Kenai Peninsula Borough assessor, land of this type in this area increases in unit value by a factor of 1.7 for each halving in property size. When this adjustment is applied to the comparable properties listed in points 2, 4, and 5 above, the adjusted unit value is \$9,350 to \$10,600/acre. For the Nakada property, this would translate to a value of \$46,750 - \$53,000. This value should be adjusted downward substantially to reflect inaccessible portions of the property across the Anchor River. Taking all of this into account, I believe the value of the property is \$5,000 to 6,000/acre. Using the mid-point of \$5,500/acre yields a value of \$27,500 for the Nakada tract.

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Facsimile: 907-561-1955
E-mail: macswain@alaska.net

September 10, 2002

Randy Hagenstein
The Nature Conservancy of Alaska
P.O. Box 3231
Homer, Alaska 99603

Re: Thompson Property
60.93-Acre Anchor River Parcel
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal* report that analyzes the above referenced vacant land that has Sterling Highway and Anchor River frontage. The purpose of the appraisal is to estimate the fee simple market value of the property. We prepare a complete analysis that intends to comply with the reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and the *Uniform Standards of Professional Appraisal Practice* (USPAP). Since UASFLA states that an estimate of market value linked to exposure and marketing time is inappropriate and requires exclusion from the appraisal report, we invoke the jurisdictional exception rule permitted in USPAP.¹

Based on the data, reasoning, and analysis that follow, we estimate the market value of appraised land, as of July 15, 2002, is \$90,000.

Market Value of 60.93-Acre Appraised Land

\$90,000

We direct your attention to the Assumptions and Limiting Conditions for an explanation of the restrictions and limitations of this report. If you have questions regarding our analysis or conclusion, please contact us at our office.

Respectively submitted,


Steve MacSwain, MAI, Certificate No. 42


Dan Shantz, Certificate No. 47

¹ Standard Rule 1-1(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their opinion of market value. Section D-1b of UASLA provides legal authority for invoking the Jurisdictional Rule.

Summary of Salient Facts and Conclusions

Property Type:	Vacant land with Anchor River frontage
Property Location:	Mile 162.5, Sterling Highway; 5± miles SE of Anchor Point; 10± miles NW of Homer, Alaska
Purpose of Appraisal:	Estimate market value
Property Rights Appraised:	Fee simple estate
Legal Description:	Portion of W2NE4, Section 19, T5S, R14W, SM lying NE of Sterling Highway right-of-way
Property Owner:	Fred and Constance Thompson
Land Area:	60.93 acres
Anchor River Frontage:	2,000± feet
Access:	Sterling Highway, 1,850± feet of frontage
Topography:	Undulating terrain, relatively level
Public Utilities:	Electricity and telephone
Wetland Area:	5± acres of wetlands with low probability of development due to high ecological significance
Flood Hazard Conditions:	Outside of FEMA mapping area, but 100-year floodplain expected to extend 500± feet inland from each riverbank
Zoning:	Unrestricted per Kenai Peninsula Borough
Highest and Best Use:	Residential or recreation
Date of Value:	July 15, 2002
Date of Report:	September 10, 2002

Market Value of Appraised Land

\$90,000

**RESOLUTION 03-06 OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
REGARDING SMALL PARCEL KEN 1104/MCGEE**

We, the undersigned, duly authorized members of the *Exxon Valdez* Oil Spill Trustee Council ("Council"), after extensive review and after consideration of the views of the public, find as follows:

1. By resolution adopted at its meeting on January 16, 2001, the Council implemented a small parcel acquisition program through identical grants to The Conservation Fund and The Nature Conservancy (the grant to The Nature Conservancy is hereinafter referred to as the "Grant"), administered by the United States Department of the Interior;

2. The Conservation Fund and The Nature Conservancy identified the McGee small parcel, KEN 1104, as a small parcel to be considered for acquisition under the Grant and consulted with the Council at its meeting on July 8, 2002 concerning the purchase of the McGee parcel;

3. An appraisal of the parcel completed by MacSwain Associates determined that the fair market value of the parcel is \$40,000;

4. As set forth in Attachment A, Acquisition Information Package for KEN 1104, if acquired, this small parcel has attributes which will restore, replace, enhance and rehabilitate injured natural resources and the services provided by those natural resources, including important habitat for several species of fish and wildlife for which significant injury resulting from the spill has been documented. Acquisition of this small parcel will assure protection of approximately 7.56 acres. The parcel is located along the Anchor River estuary on the southern Kenai Peninsula. It is on the north side of Anchor Point Beach Road, 1,200± feet east of Cook Inlet (boat launch) and 1± mile west of Anchor Point, Alaska. The south 1± acre of the parcel is relatively level and elevated above the Anchor River Estuary. The remaining 6.5± acres are part of a larger salt marsh/estuary complex with high ecological significance. The parcel will contribute to the restoration of several species of salmonids (steelhead, coho salmon, king salmon, Dolly Varden) as well as bald eagles that concentrate at the mouth of the Anchor River to feed. The parcel is also important to the sport fishing and tourism industries, both of which were

impacted by the *Exxon Valdez* Oil Spill ("EVOS"). This property is bounded to the north by existing State Park lands and the proposed acquisition will be complemented by planned purchase (with an approved federal Coastal Wetlands Act grant and private funds) of the two remaining private parcels (totaling 74 acres) within the Anchor River estuary.

5. Existing laws and regulations, including but not limited to the Alaska Forest Practices Act, the Alaska Anadromous Fish Protection Act, the Clean Water Act, the Alaska Coastal Management Act, the Bald Eagle Protection Act and the Marine Mammal Protection Act, are intended, under normal circumstances, to protect resources from serious adverse effects from activities on the lands. However, restoration, replacement and enhancement of resources injured by the EVOS present a unique situation. Without passing judgment on the adequacy or inadequacy of existing law and regulations to protect resources, scientists and other resource specialists agree that, in their best professional judgment, protection of habitat in the spill area to levels above and beyond that provided by existing laws and regulations will have a beneficial effect on recovery of injured resources and lost or diminished services provided by these resources;

6. There has been widespread public support for the acquisition of lands within Alaska as well as on a national basis;

7. The purchase of this parcel is an appropriate means to restore a portion of the injured resources and services in the oil spill area. Acquisition of this parcel is consistent with the Final Restoration Plan.

THEREFORE, we resolve to provide funds to the United States Department of the Interior for the State of Alaska to acquire all the seller's rights and interests in small parcel KEN 1104 pursuant to the following conditions:

(a) the amount to be provided by the Trustee Council from Grant funds (hereinafter referred to as the Purchase Price) shall be forty thousand dollars (\$40,000) for small parcel KEN 1104;

(b) authorization for funding for the acquisition of small parcel KEN 1104 shall terminate if a purchase agreement is not executed or purchase of the parcel is not completed by September 30, 2003;

(c) filing by the United States Department of Justice and the Alaska Department of Law of a

notice, as required by the Third Amended Order for Deposit and Transfer of Settlement Proceeds, of the proposed expenditure with the United States District Court for the District of Alaska and, if necessary, with the Investment Fund established by the Trustee Council within the Alaska Department of Revenue, Division of the Treasury ("Investment Fund") and transfer of the necessary monies from the appropriate account designated by the Executive Director of the Trustee Council (Executive Director);

(d) a conservation easement on parcel KEN 1104 shall be conveyed to the United States which must be satisfactory in form and substance to the United States and the State of Alaska Department of Law;

(e) no timber harvesting, road development or any alteration of the land will be initiated on the land without the express agreement of the State of Alaska and the United States prior to purchase; and

(f) compliance with the terms and conditions of Paragraph 6.b. of the Grant:

- (i) title search;
- (ii) a determination that the seller is willing and able to convey title in a form satisfactory to the State of Alaska and Bureau of Land Management of the Department of the Interior of the United States;
- (iii) an executed purchase or option agreement and conveyance documents that are ready for execution;
- (iv) hazardous materials survey; and
- (v) statement of compliance with the National Environmental Policy Act.

It is the intent of the Trustee Council that the above referenced conservation easement will provide that any facilities or other development on the foregoing small parcel shall be of limited impact and in keeping with the goals of restoration, that there shall be no commercial use except as may be consistent with applicable state or federal law and the goals of restoration to prefill conditions of any natural resource injured, lost, or destroyed as a result of the EVOS, and the services provided by that resource or replacement or substitution for the injured, lost or destroyed resources and affected services, as described in the Memorandum of Agreement and Consent Decree between the United States and the State of Alaska entered August 28, 1991 and the Final Restoration Plan as approved by the Council.

By unanimous consent, following written notice from the Executive Director that the

terms and conditions set forth herein have been satisfied, we request the Alaska Department of Law and the Assistant Attorney General of the Environment and Natural Resources Division of the United States Department of Justice to take such steps as may be necessary for withdrawal of the Purchase Price for the above-referenced parcel from the appropriate account designated by the Executive Director.

Such amount represents the only amount due under this resolution to the sellers by the State of Alaska to be funded from the joint settlement funds, and no additional amounts or interest are herein authorized to be paid to the sellers from such joint funds.

Approved by the Council at its meeting of April 23, 2003 held in Juneau, Alaska, as affirmed by our signatures affixed below:

JOE L. MEADE
Forest Supervisor
Forest Service Alaska Region
U.S. Department of Agriculture

GREGG RENKES
Attorney General
State of Alaska

DRUE PEARCE
Senior Advisor to the Secretary
for Alaskan Affairs
U.S. Department of the Interior

JAMES BALSIGER
Administrator, Alaska Region
National Marine Fisheries Service

KEVIN DUFFY
Commissioner
Alaska Department of
Fish and Game

ERNESTA BALLARD
Commissioner
Alaska Department of
Environmental Conservation

Attachment A – Acquisition Information Package



SAVING THE LAST GREAT PLACES ON EARTH

Randy Hagenstein
Director of Conservation Programs
421 West First Avenue, Suite 200
Anchorage, AK 99501
(907) 276-3133 fax (907) 276-2584

April 3, 2003

Molly McCammon
Executive Director
Exxon Valdez Oil Spill Trustee Council
441 West 5th Avenue, Suite 500
Anchorage, AK 99501-2340

Dear Molly,

Enclosed please find the Acquisition Information Package for the property The Nature Conservancy is in the process of purchasing under the small parcel habitat protection grant to The Nature Conservancy and The Conservation Fund. The property, KEN 1104 (McGee tract), is located along the Anchor River Estuary. This parcel is a priority for the Alaska Division of State Parks and Outdoor Recreation for restoration of salmonids, bald eagles, and recreational uses.

As specified by the Grant Agreement, the enclosed package provides the following information about the property:

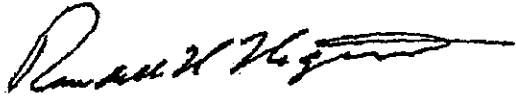
- a) legal description of the parcel;
- b) property owner;
- c) acreage;
- d) map showing location;
- e) description of property and restoration value;
- f) entity that will own and manage the property (including letter of commitment);
- g) statement of appraised value and government review of appraisal; and
- h) matching funds (if any).

The property is located on the north side of Anchor Point Beach Road, 1,200± feet east of Cook Inlet (boat launch) and 1± mile west of Anchor Point, Alaska. The property has been appraised and the Conservancy is in negotiation with the seller. The property is one of three remaining private parcels in the estuary of the Anchor River – an ecologically important salt marsh that supports a large and popular sport fishery. This portion of the Anchor River provides rearing, feeding and migratory habitat for several species of anadromous fish and provides some of the best steelhead fishing in the state. Bald eagles feed extensively along this portion of the river. The McGee parcel is also a key link in a planned recreational trail from Anchor Point to the state lands at the mouth of the river. The Conservancy has a completed appraisal on the property that

shows the appraised value to be \$40,000. It is our hope that the Trustee Council can take up this parcel at the April 23, 2003 meeting.

Please contact me at (907) 276-3133 x-119 with any questions.

Best Regards,

A handwritten signature in black ink, appearing to read "Randy Hagenstein", with a long, sweeping horizontal line extending to the right.

Randy Hagenstein
Director, Conservation Programs

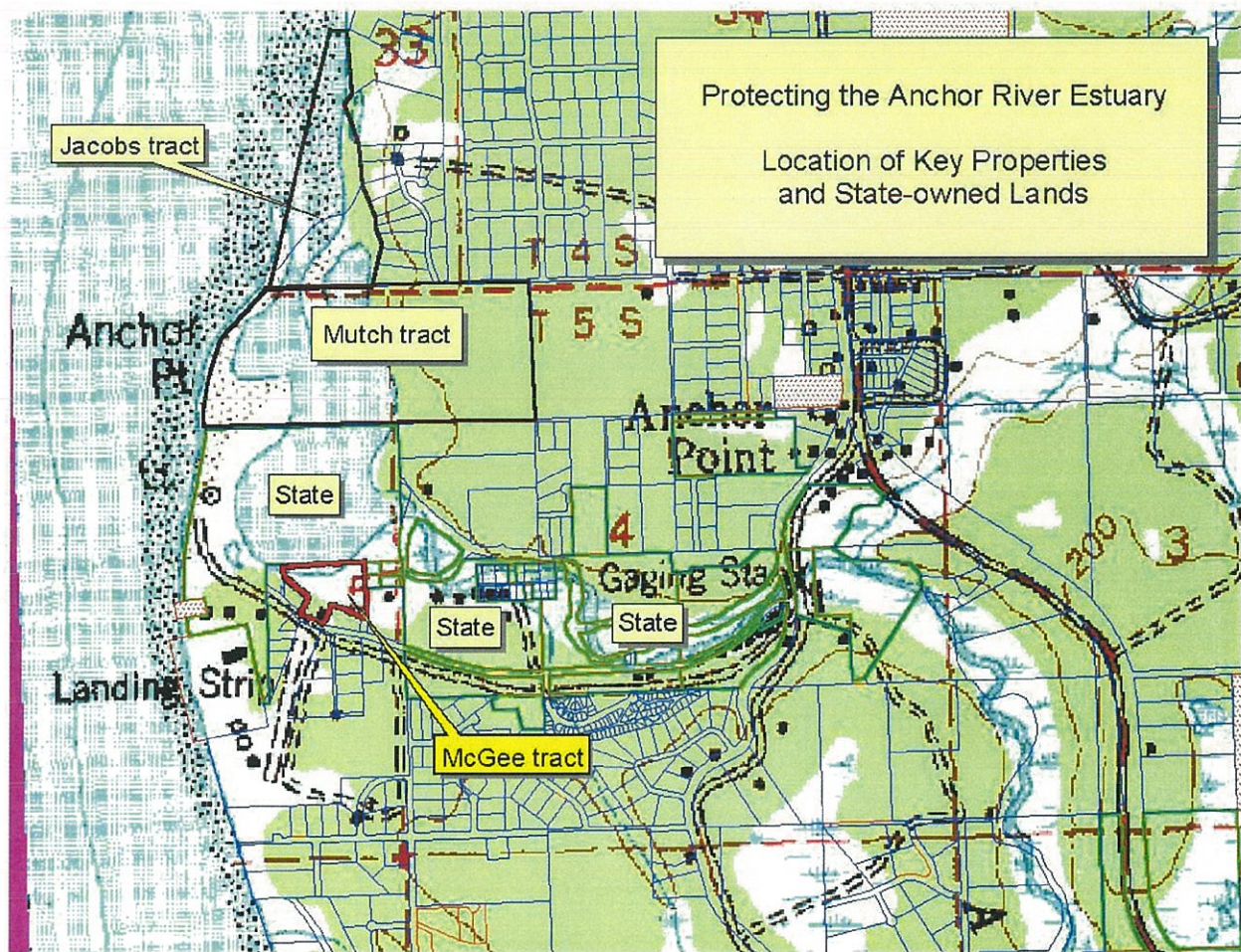
Acquisition Information Package for:

KEN 1104 (McGee)

Legal Descriptions:	KEN 1104 (McGee) parcel: Tract A, McGee Tracts, Plat 80-104, Homer Recording District
Owner:	KEN 1104: McGee Family Revocable Trust, dated February, 28, 2000, Albert D. McGee Trustee
Acreage:	7.56 acres
Property Description and Restoration Value:	<p>The parcel is located on the Anchor River Estuary on the southern Kenai Peninsula. Acquisition of this small parcel will assure protection of 7.56 acres including 6.5± acres that are part of a larger salt marsh/estuary complex with high ecological significance. The parcel will contribute to the restoration of several species of salmonids (steelhead, coho salmon, king salmon, Dolly Varden) as well as bald eagles that concentrate at the mouth of the Anchor River to feed. The parcel is also important to the sport fishing and tourism industries, both of which were impacted by the <i>Exxon Valdez</i> Oil Spill ("EVOS"). This property is bounded to the north by existing State Park lands and the proposed acquisition will be complemented by planned purchase of the two remaining private parcels (totaling 74 acres) within the Anchor River estuary (with an approved federal Coastal Wetlands Act grant and private funds).</p> <p>Protection of these tracts supports restoration of species and services injured by the Exxon Valdez Oil Spill by protecting habitat for salmonids and other fish species; feeding habitat for bald eagles; and recreational and tourism uses.</p>
Receiving Agency:	Alaska Department of Natural Resources, Division of Parks and Outdoor Recreation.
Appraisal Information:	<p>Please see attached documentation of appraised value.</p> <p>♦ KEN 1104: \$40,000 based on an appraisal dated July 15, 2002 by MacSwain Associates (Attachment D).</p>
Matching Funds:	The proposed acquisition will be complemented by planned purchase of the two remaining private parcels (totaling 74 acres) within the Anchor River estuary with an approved federal Coastal Wetlands Act grant and private matching

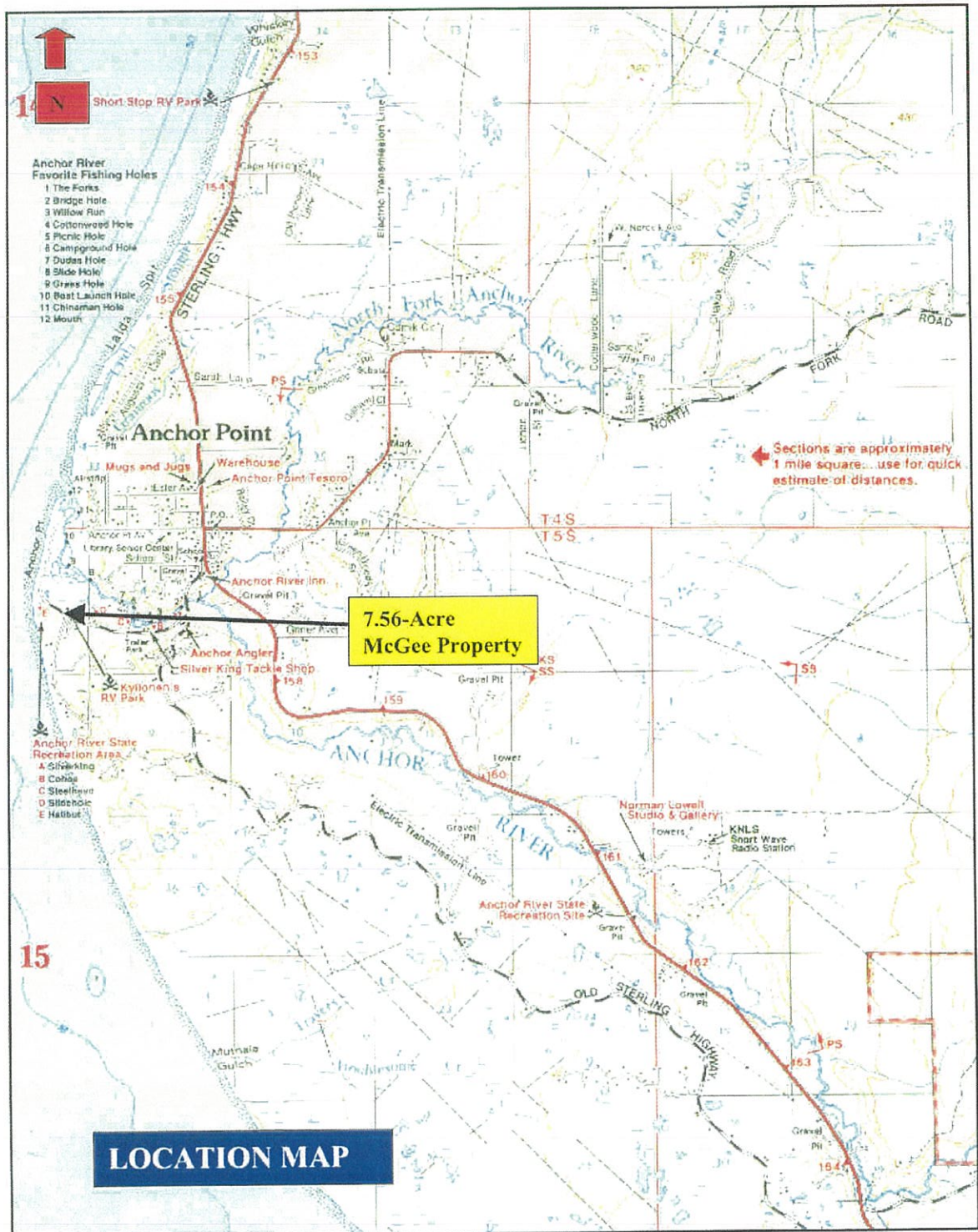
	funds. Total funding from these sources is over \$400,000.
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Attachment A: Parcel location



Attachement B: Parcel area

MacSwain Associates



STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

☐ 400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3886

☐ 550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

April 10, 2003

David Banks, Director
The Nature Conservancy of Alaska
421 W. 1st Avenue, Suite 200
Anchorage, AK 99501

RE: McGee Parcel Authorized by the Trustee Council, July 8, 2002

Dear Mr. Banks;

The Alaska Department of Natural Resources, Division of Parks and Outdoor Recreation will manage this parcel in a manner that will preserve the wetland habitat of the parcel and provide for recreational use by area residents.

We appreciate The Nature Conservancy's efforts pursuant to the EVOS Trustee Council Grant Agreement. We look forward to working with you on this project. Please contact Carol Fries at this address should you have any questions or concerns. Thank you for your assistance in this matter.

Sincerely,



Richard LeFebvre
Deputy Commissioner

Attachment D: Appraisal summary KEN 1104 / McGee Property

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Facsimile: 907-561-1955
E-mail: macswain@alaska.net

October 10, 2002

Randall H. Hagenstein
The Nature Conservancy – Alaska Chapter
421 West First Avenue, Suite 200
Anchorage, Alaska 99501

Re: McGee Property
7.56 Acres
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal* report that analyzes the above-referenced vacant land that fronts the north side of Anchor Point Beach Road about one mile west of the Sterling Highway. The purpose of the appraisal is to estimate the fee simple market value of the property. We prepare a complete analysis that intends to comply with the reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and the *Uniform Standards of Professional Appraisal Practice* (USPAP). Since UASFLA states that an estimate of market value linked to exposure and marketing time is inappropriate and requires exclusion from the appraisal report, we invoke the jurisdictional exception rule permitted in USPAP.¹

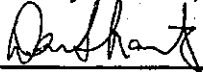
Based on the data, reasoning, and analysis that follow, we estimate the market value of appraised land, as of July 15, 2002, is \$40,000.

Market Value of 7.56-Acre McGee Property

\$40,000

We direct your attention to the Assumptions and Limiting Conditions for an explanation of the restrictions and limitations of this report. If you have questions regarding our analysis or conclusion, please contact us at our office.

Respectively submitted,



Dan Shantz, Certificate No. 47



Steve MacSwain, MAI, Certificate No. 42

¹ Standard Rule 1-1(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their opinion of market value. Section D-1b of UASFLA provides legal authority for invoking the Jurisdictional Rule.

Summary of Salient Facts and Conclusions

Property Type:	Vacant land, including estuary-type wetlands
Property Location:	North side of Anchor Point Beach Road, 1,200± feet east of Cook Inlet (boat launch) and 1± mile west of Anchor Point, Alaska
Purpose of Appraisal:	Estimate market value
Property Rights Appraised:	Fee simple estate
Legal Description:	Tract A, McGee Tracts, Plat 80-104, Homer Recording District
Property Owner:	McGee Family Revocable Trust
Land Area:	7.56 acres
Access:	Anchor Point Beach Road; two-lane with asphalt paving
Public Utilities:	Electricity and telephone
Topography:	South 1± acre relatively level and elevated above Anchor River estuary; remainder low-lying wetlands
Wetland Type:	6.5± acres of preservation-type wetlands with low probability of development due to high ecological significance
Flood Hazard Conditions:	Zone A, area of 100-year floodplain
Zoning:	Unrestricted per Kenai Peninsula Borough
Highest and Best Use:	Residential or recreation
Date of Value:	July 15, 2002
Date of Report:	October 10, 2002

Market Value of Appraised Land

\$40,000

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178

MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

RE: Extension of Offer: PWS 05 / Valdez Duck Flats

DATE: April 3, 2003

The Trustee Council's offer to purchase small parcel PWS 05 / Valdez Duck Flats expired on December 31, 2002. Made by resolution August 6, 2001, the offer of \$125,000 for this 33 acre parcel was originally set to expire on September 1, 2002. By motion, the Council extended the offer first to October 31, 2002 and then to December 31, 2002. The US Forest Service, who would be the land manager if this acquisition is completed, and The Nature Conservancy, who is pursuing the acquisition on behalf of the US Forest Service, have asked that the offer be further extended to October 30, 2003.

This additional extension would require signing of a purchase agreement by October 30, 2003. The amount of the offer would remain \$125,000. The Valdez Duck Flats parcel has long been on the list of priorities for protection by the Trustee Council. Its acquisition is supported by the city government and the residents of Valdez.

PROPOSED MOTION: Sec. 3 (B) of the Trustee Council's Resolution 01-12, authorizing the purchase of small parcel PWS 05 / Valdez Duck Flats, is amended to approve funding for the acquisition as long as a purchase agreement between the University of Alaska and the U.S. Forest Service (or The Nature Conservancy, acting on behalf of the U.S. Forest Service) is executed no later than October 30, 2003.

sandra/smallparcel/DuckFlatsExtMemo.doc

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

RE: Corrections to Meeting Notes

DATE: April 4, 2003

Three clerical errors in Trustee Council meeting notes have been brought to my attention. The Council approved the meeting notes before these errors were discovered. I am requesting your approval to amend the meeting notes as follows:

TC Mtng. Date	Language Currently in Meeting Notes	Date Mtng. Notes Were Approved	Corrected Language (all corrections are verified in meeting transcripts)
8/3/00	Project 01154 lapse date is stated as 9/30/00.	12/4/00	Lapse date for Project 01154 was specified as 9/30/02.
8/6/01	Motion to extend lapse date on Project 00154 and Project 01154 is not included.	12/11/01	Lapse date for Project 00154 and Project 01154 was extended to 9/30/03.
8/6/01	Resolution adopting FY 02 Work Plan is referenced (it allocated funds among Trustee agencies), but the motion addressing the Work Plan is not included.	12/11/01	Motion addressing Work Plan specified lapse date for Project 02154 as 9/30/03 and designated Tom Dean as a named recipient under Project 02395.

Sandra/Mtng Note Corrections.doc

REGARDING KWMP EXPENDITURES -

Here is Tracy Mitchell's response RE KIB expenditure of \$165,072 on project mgt. against only \$156,066* of direct project costs:

"I think the explanation may be that there is a tremendous amount of planning and protocol associated with, and prior to, implementation of line items in the budget. For example, determining the needs of the villages and reaching a consensus between the Tribal and City entities. Also, we must follow KIB purchasing procedures, which includes getting quotes/researching prices. Unfortunately it is not a mere matter of spending the money.... I am confident that as we progress the village work will surpass the project management costs. However, we will need to add to the project management line to cover those costs until project completion, assuming approval of an extension date. I do not have a firm number at this time, but I think that \$50,000 would be safe."

According to Tom Turner, that \$50,000 would come from the \$355,300 currently in the "contingency" line. DEC expects to take \$40,000 from the contingency line to cover its project management costs (this in addition to the \$63,700 already budgeted for DEC for project management/oversight).

* In addition to KIB's direct project costs of \$156,066, DEC has spent \$42,000 on direct project costs (providing used oil training to the villages) and will spend another \$10,000 in May 2003 (providing scrap metal training to the villages). DEC's \$52,000 in training money is in addition to the \$63,700 going to DEC for project management/oversight.

Introduced by: Manager
Requested by: Engineering/
Facilities Director
Drafted by: Engineering/
Facilities Director
Introduced: 04/17/2003
Adopted: 04/17/2003

KODIAK ISLAND BOROUGH
RESOLUTION NO. 2003-12

**A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY
SUPPORTING AN EXTENSION OF FUNDING PROVIDED BY THE EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL, UNTIL SEPTEMBER 30, 2004, TO ADDRESS THE REMOVAL OF
HAZARDOUS MATERIALS FROM THE VILLAGES ON KODIAK ISLAND
- AKHIOK, KARLUK, LARSEN BAY, OLD HARBOR, OUZINKIE, AND PORT LIONS -
AND SUPPORTING THE KODIAK ISLAND VILLAGE ENVIRONMENTAL COMMITTEE'S
COOPERATIVE AND COORDINATED IMPLEMENTATION OF
THE EXXON VALDEZ OIL SPILL (EVOS) PLAN #99304**

WHEREAS, the villages of Kodiak Island were harmed by oil released by the Exxon Valdez; and

WHEREAS, the villages of Kodiak Island are benefiting from the grant money provided by the Exxon Valdez Oil Spill Trustee Council to address the removal of hazardous material from the villages including the removal of oils, batteries, household hazardous waste, and other solid waste that threatens the community's human and environmental health; and

WHEREAS, the removal of these hazardous materials will prevent the harmful affects to the natural resources that are a tremendous value to our community; and

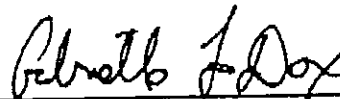
WHEREAS, because of the EVOS grant, village residents are receiving specialized training which provides local and permanent expertise in the community to address future human and environmental health issues involving hazardous materials and other solid wastes; and

WHEREAS, the EVOS grant expires September 30, 2003 before anticipated completion of the EVOS Plan #99304;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THAT the Kodiak Island Borough requests and supports the extension of the funding to September 30, 2004 for the implementation of the EVOS Plan #99304.


**ADOPTED BY THE KODIAK ISLAND BOROUGH ASSEMBLY
THIS SEVENTEENTH DAY OF APRIL, 2003**

KODIAK ISLAND BOROUGH



Gabrielle LeDoux, Mayor

ATTEST:



Judith A. Nielsen, CMC, Borough Clerk

**CITY OF OUZINKIE
RESOLUTION 2003-3**

A Resolution of the Ouzinkie City Council requesting an extension of funding provided by the Exxon Valdez Oil Spill Trustee Council, until September 30, 2004, to address the removal of hazardous materials from Ouzinkie and Supporting the Kodiak Island Village Environmental Committee's Cooperative and Coordinated implementation of the Exxon Valdez Oil Spill Plan #99304.

WHEREAS: Ouzinkie was harmed by oil released by the Exxon Valdez;

WHEREAS: Ouzinkie is benefitting from the grant money provided by the Exxon Valdez Oil Spill Trustee Council to address the removal of hazardous material from the village including the removal of oils, batteries, household hazardous waste and other solid waste that threatens the community's human and environmental health;

WHEREAS: The removal of these hazardous materials will prevent the harmful affects to the natural resources that are a tremendous value to our community;

WHEREAS: Because of the EVOS grant, local residents are receiving specialized training which provides local and permanent expertise in the community to address future human and environmental health issues involving hazardous materials and other solid wastes;

WHEREAS: The EVOS grant expires September 30, 2003 before anticipated completion of the EVOS Plan #99304; and

NOW, THEREFORE BE IT RESOLVED, that the Ouzinkie City Council requests and supports the extension of the funding to September 30, 2004 for the implementation of the EVOS Plan #99304.

DATED THE 17th DAY OF April, 2003.

SIGNED BY: 

David L. Campfield, Vice Mayor

ATTEST: 

Linda Getz, City Clerk

Exxon Valdez Oil Spill Trustee Council

441 W. 5th Ave., Suite 500 • Anchorage, Alaska 99501-2340 • 907/278-8012 • fax 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

RE: Project 99304: Kodiak Waste Management Plan
Extension of Lapse Date

DATE: April 17, 2003

In FY 99, the Trustee Council approved \$1,857,100 for implementation of the Kodiak Waste Management Plan (Project 99304). This project is designed to address marine pollution derived from land-based sources and waste management practices of the remote communities of Kodiak Island, and is based on a successful model in Prince William Sound. The original project had a three-year completion schedule and so, at the time of approval, the Council placed a September 30, 2003 lapse date on the funds.

The project is being administered by the Kodiak Island Borough through a Memorandum of Understanding (MOU) with the Alaska Department of Environmental Conservation, which is serving as the administering Trustee agency. The project has experienced some delays, and the Borough has recently informed us that it will not be completed until September 30, 2004. The Borough has requested a no-cost extension of the lapse date to September 30, 2004; such an extension would require Council approval.

Project 99304 is behind schedule due primarily to a mid-project vacancy in the Environmental Specialist's position at the Kodiak Island Borough (this is the position that is managing the project). In addition, there have been some delays at the village level in various villages' readiness to implement certain project activities.

Recommended Motion

Move that the Trustee Council approve an extended lapse date for Project 99304 of September 30, 2004.

Attachments

A summary of the project, a list of project accomplishments, and a chart showing the project schedule and expenditures are attached. Supportive resolutions from Old Harbor and Larsen Bay are also attached. The original project proposal is on file at the Trustee Council Office. The MOU and monthly progress reports are on file at the Alaska Department of Environmental Conservation. Tracy Mitchell, the Kodiak Island Borough's project manager, will be on-line at the Trustee Council meeting to answer any questions you might have.

EVOS INFORMATION

In the past the implementation of the EVOS project funds tried to bring all of the villages along together at the same time. For example, used oil burners were installed and training was provided to each village regarding the operation of the used oil burners. This process was effective to begin with but we believe it does not meet the current needs of the communities.

There are still priorities that the community's share (e.g., scrap metal removal) but they are not all ready, at the same time, to implement the actions necessary to achieve their goals. Therefore, the philosophy for implementing the remaining project funds has changed. The Kodiak Island Borough, with consensus from the Kodiak Island Village Environmental Committee (KIVEC) members, feel that we can be more effective if individual attention is given to village priorities and not try to bring all of the villages along at the same time. This approach may take more time as each community has different priorities and ideas about how to best accomplish their goals.

Implementation of the EVOS project has either been slowed or on hold due to a staffing shortage at the Kodiak Island Borough. The staffing position to administer the project funds was filled six months ago and we sense a renewed confidence from the KIVEC members to achieve the goals and complete the tasks identified for the EVOS project. There are however many time consuming tasks which include: logistics, following proper financial policies and procedures for contracting and bidding purposes, and maintaining contact with the KIVEC members. An extension of funding, to September 30, 2004, is critical to maintain the momentum that has been regained and sustained in recent months.

While as a whole the EVOS funds are large they are not large enough to achieve all of the identified goals. A component of the EVOS project has been contingent on identifying other available funds. A couple of communities have been successful in pursuing small sources of additional funding. The Kodiak Island Borough (KIB) has \$29,000 and Alaska Fish & Game, Division of Wildlife Conservation, has acquired legislative funds that will also supplement the project funds. In addition, KIB has tried to find additional sources of funding however, at this time, there are very few funding sources available that will augment the EVOS funds. As such, it is difficult to project a date or to expect receipt of additional funding.

The EVOS project is considered by the villages and the Kodiak Island Borough as more than just an award of money to affect the hazardous material present in the villages. It supports and sponsors a vital process of communication between and within the communities on the island. It has also spawned effective dialogue among the communities and their regional governments. Because of the EVOS grant, concerns about human health, safety and environmental stewardship have become a major topic of discussion locally and regionally; solutions to improving human and environmental health are being realized that involve regional coordination. The Kodiak Island Borough and the KIVEC members are committed to the success of this program. There is great momentum, which has been built after a series of starts and stops. If the EVOS Trustee Council decided to reclaim this funding source it will have a profound impact by terminating a number of programs that are presently being planned and put into action.

EVOS ACCOMPLISHMENTS PROJECT #99304

- Creation of Regional Board made up of representatives of Tribal and City Council members from all communities around Kodiak Island to address issues of:
 - Hazardous Waste Disposal (batteries, gasoline, Household Hazardous Waste, partially filled 55 gallon drums).
 - 55- gallon drum, vehicles, community fuel bulk fuel tanks no longer in service and other miscellaneous metals removal.
 - Understanding the legal requirements associated with landfill operations.
- Purchase of Equipment to dispose of hazardous materials
 - Used Oil Burners for disposal of used crankcase oil and diesel found in community landfills. Associated with this were the purchase of storage tanks, pumps etc. (These used oil burners heat public buildings such as a fire hall and a public works garage.
 - Smart Ash Burners to burn oily rags, engine filters, sludge etc.
 - Vacuum pumps for the removal of crankcase, brake oil, gasoline, and antifreeze in abandoned automobiles.
 - Plastic totes to haul used batteries and other materials from the villages to the Kodiak Island Borough Regional Landfill for removal off the island.
 - Purchase 55 – gallon drum crushers to flatten drums into sizes more manageable. This metal will then be shipped from the village.
 - Purchase of oil/water separators for the safe separation of oil and water from 55-gallon drums found in the villages.
- Training of community members on items associated with Village Hazmat items.
 - Training on the installation, operation and maintenance of used oil burners to burn used oils collected around the village.
 - Training on the safe and proper use of smart ash burners to eliminate oil contaminated items.
 - Training on the proper removal of fluids drums, vehicles, and engines abandoned around the villages with pumps, storage barrels etc.
 - Training on 55-gallon barrel management; separating barrels containing oils from those containing gas or antifreeze and the handling, opening, cleaning and disposing of barrels.
- Coordinate EVOS program with other programs and grants to provide efficient use of money.
 - Met with engineers of ANTHC about their comprehensive village infrastructure plans to coordinate new village landfills.
 - Work with local Kodiak Island Borough Planning staff who will be working on a new comprehensive plan for Kodiak Villages

- Working with grants agencies on the coordinated use of grant money.
- Developed network among villager operators to address questions about hazmat equipment or its installation, operation or maintenance. Villagers can now call their village counterpart in another village for advice or if there is an emergency need for parts.

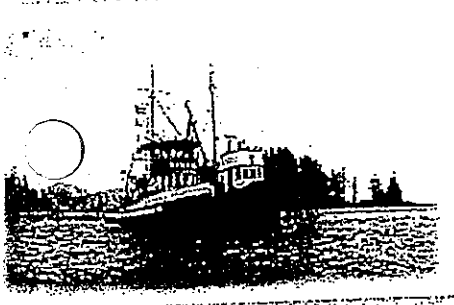
EXPECTED ACCOMPLISHMENTS

- Training
 - Removal of Freon and refrigeration oils from junk refrigerators and freezers and vehicles found in all villages.
 - Landfill training on Class III landfill regulations.
- Equipment
 - Burn Boxes to allow more efficient burning of village garbage.
 - Construction or purchase of household hazmat buildings to provide a centralized location for the collection of household hazardous waste products that should not be allowed in the landfill.
- Projects
 - Coordinate with barge companies to remove metals prepared and stockpiled in the villages.
 - NEPA approval of intrusive projects (i.e. landfill expansion, etc.)
 - Organizing "Strike Teams" to address all abandoned barrels, and vehicular fluids in the villages.

Revision 4-17-03

EVOS Project 99304 - All - Summary										2003												20
AUTHORIZED BUDGET										J	F	M	A	M	J	J	A	S	O	N	D	J
										TOTAL EXP TO DATE	BALANCE OF FUNDS											
SOLID WASTE																						
1.1 Landfill (NEPA)																						
A. Landfill excavating and construction										\$ -	\$ 248,000.00											
B. Landfill fencing										\$ -	\$ 110,000.00											
1.2 Scrap Metal																						
A. Consolidate scrap metal										\$ 1,429.55	\$ 70,470.45											
B. Remove scrap metal										\$ 4,572.38	\$ 195,427.62											
1.3 New Equipment/Spare Parts																						
A. Burn box (NEPA)										\$ -	\$ 35,000.00											
B. Signage										\$ -	\$ 1,200.00											
1.4 Training																						
A. Scrap metal										\$ -	\$ 8,000.00											
B. Landfill operations										\$ -	\$ 36,000.00											
USED OIL AND HHW																						
2.1 Construction of used oil and HHW										\$ -	\$ 165,000.00											
2.2 New Equipment/Spare Parts										\$ 75,585.89	\$ 43,614.11											
2.3 Training										\$ -	\$ -											
A. Used oil										\$ 2,845.60	\$ 3,154.40											
B. HHW										\$ -	\$ -											
GENERAL - USED OIL, HHW, SOLID WASTES																						
3.1 New Equipment/Spare Parts										\$ 25,601.38	\$ 31,398.62											
3.2 Specialized technical services										\$ 22,111.30	\$ 46,388.70											
3.3 Travel/Per diem										\$ 23,920.09	\$ 24,079.91											
3.4 Other																						
A. Project Management										\$ 165,072.17	\$ 32,227.83											
B. Project Oversight ADEC/KIB											\$ 15,000.00											
C. Contingency											\$ 355,300.00											
GRAND TOTAL as of 2/2002										\$ 321,138.36	\$ 1,420,261.64											
* EVOS Trustee Council Allocation = \$1,857,100 which includes ADEC funds of: 2.5% Administrative costs = \$48,700																						
Used Oil Training = \$42,000																						
Scrap Metal Training = \$10,000																						
Project Oversight = \$15,000																						
Total ADEC = \$115,700																						
Therefore, KIB + ADEC = \$1,741,400 + \$115,700 = \$1,857,100																						

[illegible]



City of Old Harbor

P.O. Box 109
Old Harbor, Alaska
99643

(907) 286-2203 OR 286-2204
Fax (907) 286-2278

City of Three Saints

RESOLUTION No. 03-11

A Resolution of the Old Harbor City Council requesting an extension of funding provided by the Exxon Valdez Oil Spill Trustee Council, until September 30, 2004, to address the removal of hazardous materials from Old Harbor and Supporting the Kodiak Island Village Environmental Committee's Cooperative and Coordinated implementation of the Exxon Valdez Oil Spill Plan #99304.

WHEREAS: Old Harbor was harmed by oil released by the Exxon Valdez;

WHEREAS: Old Harbor is benefiting from the grant money provided by the Exxon Valdez Oil Spill Trustee Council to address the removal of hazardous material from the village including the removal of oils, batteries, household hazardous waste and other solid waste that threatens the community's human and environmental health;

WHEREAS: The removal of these hazardous materials will prevent the harmful affects to the natural resources that are a tremendous value to our community;

WHEREAS: Because of the EVOS grant, local residents are receiving specialized training which provides local and permanent expertise in the community to address future human and environmental health issues involving hazardous materials and other solid wastes;

WHEREAS: The EVOS grant expires September 30, 2003 before anticipated completion of the EVOS Plan #99304; and

NOW, THEREFORE BE IT RESOLVED, that the Old Harbor City Council requests and supports the extension of the funding to September 30, 2004 for the implementation of the EVOS Plan #99304.

DATED THE 9 DAY OF April, 2003

SIGNED

James A. Myster
Mayor

Murphy Fox
Clerk

RESOLUTION No. 03-04

A Resolution of the Larsen Bay City Council requesting an extension of funding provided by the Exxon Valdez Oil Spill Trustee Council, until September 30, 2004, to address the removal of hazardous materials from Larsen Bay and Supporting the Kodiak Island Village Environmental Committee's Cooperative and Coordinated implementation of the Exxon Valdez Oil Spill Plan #99304.

WHEREAS: Larsen Bay was harmed by oil released by the Exxon Valdez;

WHEREAS: Larsen Bay is benefiting from the grant money provided by the Exxon Valdez Oil Spill Trustee Council to address the removal of hazardous material from the village including the removal of oils, batteries, household hazardous waste and other solid waste that threatens the community's human and environmental health;

WHEREAS: The removal of these hazardous materials will prevent the harmful affects to the natural resources that are a tremendous value to our community;

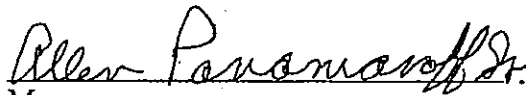
WHEREAS: Because of the EVOS grant, local residents are receiving specialized training which provides local and permanent expertise in the community to address future human and environmental health issues involving hazardous materials and other solid wastes;

WHEREAS: The EVOS grant expires September 30, 2003 before anticipated completion of the EVOS Plan #99304; and

NOW, THEREFORE BE IT RESOLVED, that the Larsen Bay City Council requests and supports the extension of the funding to September 30, 2004 for the implementation of the EVOS Plan #99304.

DATED THE 14th DAY OF April, 2003

SIGNED


Mayor

Post-it® Fax Note	7671	Date	04/15/03	# of pages	1
To	Sandra Schubert		From	Allen Panamareff Sr.	
Co./Dept.			Co.	City of Larsen Bay	
Phone #			Phone #		
Fax #	907-276-7178		Fax #	907 847 2211	


Clerk

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Anchorage Daily News (AK)

January 13, 2003

Section: Metro

Edition: Final

Page: B1

Scientists to report on Pacific

SYMPOSIUM: Gathering of researchers may be state's largest ever.

Doug O'Harra
Anchorage Daily News

Staff

Are endangered Steller sea lions really getting gobbled up by roving bands of killer whales? Or did a dozen biologists scouting Alaska's coast last summer find mostly fish-eating killer whales? And does that complicate theory that whales and sharks have been eating too many sea lions in recent years?

Perhaps the recovery of Alaska's sea lions, whose numbers have crashed over three decades, actually hinges fish, fisheries and climate. Or exposure to contaminants.

Some preliminary answers will be presented this week during the **Marine Science** in the Northeast Pacific symposium at the Hotel Captain Cook. This is possibly the most ambitious ocean research conference ever held in Alaska.

The latest findings about killer whales will be among more than 150 reports, workshops and discussions by scientists investigating sea lions, fisheries, salmon stocks, climate change and the oceanography of the Gulf of Alaska.

The overall focus will be broad, highlighting results from three major research efforts into the northeast Pacific Ocean. There will be scientific posters to view and videos to watch.

The five-day conference, open to the public, runs today through Friday.

It has been organized by the Exxon Valdez Oil Spill Trustees Council staff with sponsorship from the U.S. Global Change Research Program, the National **Marine** Fisheries Service, the North Pacific Research Board, North Pacific **Marine** Research Institute and Pollock Conservation Cooperative Studies.

"I think this may be the largest gathering of **marine** scientists that's ever happened," said conference coordinator Molly McCammon, executive director of the trustee council. "It's going to be really exciting because it's going to showcase all the Steller sea lion work and the (global ocean climate change) work."

Nearly 500 attendees have registered, but the public should feel free to drop in, McCammon said, especially during a series of 12 presentations today and Tuesday aimed partly at nonscientists.

"For the first day and a half, we've told people to use English. English for the public," McCammon said.

Those early talks will often take the big-picture approach: the connection between global climate and the Gulf of Alaska, the lives and migrations of pink salmon, the need for researchers to reach out to local residents.

Later Tuesday, four days of technical presentations and workshops will begin, starting with talks about killer whales and sharks, how lingering oil from the 1989 Exxon Valdez spill may still be harming animals, how salmon can be tracked with radio tags, and changing ocean conditions.

One major goal is to bring together scientists from different areas, McCammon said. Oceanographers will meet with salmon experts, and climate specialists will talk to whale watchers.

"It just expands the base of knowledge exponentially," McCammon said. "It's just incredible."

Doug O'Harra can be reached at do'harra@adn.com and 907-257-4334.

Photo By Bob Hallinen

Daily News Archive 1990

Alaska's sea lions are among the topics of a Pacific symposium.

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Anchorage Daily News (AK)

January 14, 2003

Section: Nation

Edition: Final

Page: A1

No quick answer to salmon crash

WORKSHOPS: Biologists gather to probe nature's delicate balance.

Doug O'Harra
Anchorage Daily News

Staff

Big, fat king salmon swarmed into the Columbia River last year, producing the largest run of fish observed since 1938 and climaxing a four-year surge in returning fish. An Oregon newspaper trumpeted rising catches. "They called it the Year of the Chinook," oceanographer Hal Batchelder told a gathering of about 500 people Monday during the first day of a **marine science** conference in Anchorage.

But over the same period, Alaska salmon runs have dropped and economic disasters have been declared. The 2002 statewide catch of about 130 million fish was the lowest since the late 1980s, the state Department of Fish and Game reported.

The two regions are connected, Batchelder said, through a complex seesaw relationship that reaches across 1,000 miles of ocean. It hinges on vast cycles in currents, temperatures, winds, storms, melting snow, river runoff and the saltiness of the sea.

The quick explanation sounds simple: The ocean may have cooled in the Northeast Pacific in the late 1990s, possibly triggering a regime shift in which animals will thrive and which won't, Batchelder said. A warming trend in the late 1970s had the opposite effect: Alaska salmon runs shot up and Pacific Northwest returns crashed. The nature of **marine** life throughout the region changed.

But figuring out what triggered the shift, possibly part of a 100-year cycle, is more difficult.

"In order to understand these long-term, large-scale changes, we need to decipher the nature of these ecosystem shifts," said Batchelder, a key scientist in an investigation into how climate variability affects sea life.

Over the next four days at the Hotel Captain Cook, biologists will present 160 technical talks and participate in workshops about Steller sea lions, climate change and oceanography, fisheries, plankton and biochemistry. Results from about 100 scientific studies have been posted on the walls.

On Monday, a series of speakers took a big-picture approach, explaining studies that try to understand the vast climatic engines that drive the ocean and its **marine** life. The details are complex, but speakers kept emphasizing how the Gulf of Alaska, with its location and huge inflow of fresh water, is especially sensitive to climate shifts.

University of Alaska Fairbanks scientist Thomas Weingartner talked about how the spinning of the Aleutian-low storm system helps create upwelling of cold, salty water. That nutrient-rich water is necessary to trigger the annual blooms of plankton and tiny sea life during spring's sunny days.

Biologist Suzanne Strom of Western Washington University described how that plankton bloom occurs only when the right conditions converge -- just the right mixing of the ocean's layers, just the right amount of sunlight. Those tiny animals and plants then form the basis of a complex food web that feeds juvenile fish like pink salmon.

Ted Cooney, a University of Alaska Fairbanks researcher who studied the ecosystem of Prince William Sound, explained how researchers gradually came to a more sophisticated understanding of the relationship between pink salmon and those little critters over the past 25 years. Predators play a big role.

They once believed that salmon thrived when they found enough food. But pollock and herring, trying to eat the same food, can turn on the young salmon and eat them up. In the end, no simple mechanism controlled salmon survival in the Sound.

"We learned that Mother Nature is sophisticated and robust," Cooney said. "We also saw that asking for a silver bullet was, in the words of the Borg, futile."

The conference runs through Friday. It has been organized by the Exxon Valdez Oil Spill Trustees Council staff with sponsorship from the U.S. Global Change Research Program, the National **Marine** Fisheries Service, the North Pacific Research Board, North Pacific **Marine** Research Institute and Pollock Conservation Cooperative Studies.

Doug O'Harra can be reached at do'harra@adn.com and 907 257-4334.

A schedule for the **Marine Science** in the Northeast Pacific Symposium can be viewed at www.oilspill.state.ak.us/events/Sympos.html

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Anchorage Daily News (AK)

January 15, 2003

Section: Metro

Edition: Final

Page: B1

Few orcas found to eat sea lions

RESEARCH: Biologists find little reason to blame whales for ebbing sea lion numbers.

Doug O'Harra
Anchorage Daily News

Staff

Teams of biologists who spent last summer scouting Alaska's coast didn't find much evidence that killer whale or sleeper sharks have sea lions on their menus, according to reports presented Tuesday at a **Marine Science** conference in Anchorage. One intriguing explanation for the regional crash of Steller sea lions in the 1980s or their continued slow decline until last year hinges on rising consumption by stealthy orcas or by sharks that ri from the abyss.

This predation hypothesis is one of a dozen ideas under investigation by hundreds of scientists with more than \$80 million in federal and state funding.

But a dozen biologists conducting boat surveys last season from the Gulf of Alaska out of the eastern Aleutian Islands didn't find very many **marine**-mammal-eating killer whales living in areas with the sharpest sea lion declines. More important, few of those whales were seen chasing or attacking sea lions.

These **marine** mammal eaters, a type of killer whale called transients, were more common in Southeast Alaska where sea lions have been increasing, according to biologists Jan Straley and Craig Matkin.

"That's my take-home message," said Lowell Fritz, coordinator of Steller sea lion studies for the National **Marine** Fisheries Service. That Southeast sea lions can do well in the presence of so many transient killer whales complicates the theory that whales are eating enough sea lions to keep them from recovering.

The talks came during the second day of the **Marine Science** in the Northeast Pacific symposium at the Hotel Captain Cook. Through Friday, sea lion scientists will report on diseases, parasites, contaminants, internal biology, climate change, diving behavior, fish interactions and population trends. Other presentations will focus on studies into oceanography and the aftermath of the Exxon Valdez oil spill of 1989.

The killer whale results arose from the first season in a multiyear investigation into killer whale biology. They suggest that transient orcas probably didn't cause the 80 percent crash of sea lion numbers seen in the 1970s and 1980s, Matkin said later.

But finding out whether killer whales remain a factor in sea lion recovery will take much more field work, Matkin said. It wouldn't take very many individual whales to have a big effect.

For instance, a family of five transient whales, nicknamed the "Kodiak killers" after they were seen stalking sea lions in Kodiak harbor, consumed two sea lions during only 35.5 hours of research observation spread over several days and locations, Matkin said.

What if they kept eating sea lions at the same pace? "They could conceivably eat 480 juvenile sea lions over the course of the year," Matkin said.

Federal biologist Paul Wade, who coordinated a survey cruise down the Alaska Peninsula and into the eastern

Aleutians Islands, said biologists will need more seasons in the field to track down the numbers and favorite prey of the western transient whales.

"We're just starting to see the tip of the iceberg," Wade said. "In two seasons, the two (predation) events we have seen have been on baleen whales."

Wade's group saw killer whales attack a minke whale in the Shumagin Islands in 2001 and saw a large group feeding on a dead gray whale near Unimak Pass last summer.

At the same time, a study of sleeper sharks in the Gulf of Alaska didn't find any conclusive evidence that the big, bottom-cruising scavengers sought fresh sea lion.

The sharks surface after eating dead whales, then snack on fish and cephalopods like squid and giant Pacific octopus, said federal biologist Lee Hulbert.

That still implies great struggles between predator and prey. "We caught a number of sharks in May that had suction scars on their heads," Hulbert told the audience.

Doug O'Harra can be reached at do'harra@adn.com and 907 257-4334.

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Anchorage Daily News (AK)
January 16, 2003
Section: Metro
Edition: Final
Page: B1

Scientists eavesdrop on whales

RECORDING: Calls are efforts at contact, researcher tells conference.

Doug O'Harra
Anchorage Daily News

Staff

Biologists have been collecting the strange, scratchy calls of North Pacific right whales from the Bering Sea, eavesdropping on life among the rarest large cetaceans on the planet. The calls cluster at night and sound like the stiff, one-second cries made by right whales in the North Atlantic and southern oceans, said Lisa Munger, researcher at the Scripps Institution of Oceanography in La Jolla, California.

"They call for a little while, and then they're quiet for a long time," she said. "We think these calls are really contact calls -- individuals trying to find each other."

Munger played a recording of a Bering Sea right whale before about 60 people at the **Marine Science** in the Northeast Pacific conference in Anchorage at the Hotel Captain Cook.

She was among 160 scientists giving presentations on sea lions, climate change, fish biology, oceanography and the aftermath of the Exxon Valdez oil spill.

The recordings revealed three kinds of calls, she said. But the whales were often silent during the day, complicating efforts by biologists to see what they're doing when they make sounds.

During one three-day period in early October, a recording device registered 236 calls -- 40 calls between 7 a.m. and 8 a.m., and 150 between 8 p.m. and midnight, according to a report by Munger and her co-investigators.

The recordings, made by four buoys anchored in deep water outside the mouth of Bristol Bay in 2000, also showed that the whales stayed through early November and then left for unknown seas. The devices stopped working in May.

North Pacific right whales were once thought to be extinct in Alaska waters, but small groups have been seen the same area of the eastern Bering Sea over the past seven summers.

The new findings suggest that scientists could use relatively inexpensive listening buoys to learn more about where the critically endangered animals migrate, said Sue Moore, a leading whale biologist and director of the federal **Marine Mammal Lab** in Seattle.

"It would be really good to spread these things out and see where they are in the ocean," Munger said Wednesday.

The study has been difficult. Two of the four buoys were lost for months until a Nelson Lagoon resident found one on an Alaska Peninsula beach and a fishing boat spied the other floating near Russian waters.

Two more listening buoys anchored in 2001 could not be found last summer.

"We have high hopes that they'll turn up," Munger said. "So people should keep looking."

Doug O'Harra can be reached at do'harra@adn.com and 907 257-4334.

On the Web:

To hear the calls of a Northern right whale in the Atlantic Ocean: www.cetus.ucsd.edu/

NORTHERN PACIFIC RIGHT WHALE

Early whalers called

this the "right" whale to

hunt, because they are

docile, slow swimmers

and float after death.

Hunted to near extinction,

the population is estimated

at 200-300 in the Western

Pacific and less than 50 in

the Eastern Pacific.

n Size: 35 to 56 feet long;

females larger than males

and can weigh as much as

60 tons.

n Food: Zooplankton strained

through baleen plates in

mouth.

n Behavior: Shallow divers,

blow once per one-two minutes. Maximum dive is 15

minutes. Can be acrobatic by breaching and flipper slapping.

n Habitat: Usually temperate to sub-polar waters

n Life: Breed in winter-spring in low latitudes with gestation

of 12 months. One calf every 2-4 years.

Source: Guide to **Marine** Mammals of Alaska, NOAA, The Knight Ridder Tribune

CHARLES ATKINS / Anchorage Daily News

Illustrated by Charles Atkins

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Anchorage Daily News (AK)

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Sea lion insights surface

CONFERENCE: Scientists say they learned a lot from 160 reports.

Doug O'Harra
Anchorage Daily News

Staff

They were just two "teenage" Steller sea lions on the prowl, searching for tasty fish in the chilly waters off Perry Island in Prince William Sound. In many ways, they were like thousands of other 17-month-old juvenile struggling to find enough to eat during their first critical winter away from Mom. Some scientists suspect these juvenile sea lions may be dying at high rates, a major cause of the species' regional crash off Alaska.

But these particular animals, nicknamed Perry and Lindy, weren't going it alone. They had an audience.

A team of university and state biologists followed Perry and Lindy during three months last winter with satellite tags that kept track of how long and how deep they dived and then calculated whether the animals might have been pushing themselves too hard in quest of their food.

"Perry made a series of dives that were longer than its aerobic capacity," said Jennifer Burns, a UAA assistant professor of biology. "It's like wind sprints. ... Afterwards, it would have to rest for a longer period."

The study, among 160 reports presented last week at the **Marine Science** in the Northeast Pacific conference in Anchorage, is one example of the kind of sophisticated studies now under way into what ails Alaska's sea lions.

Scientists have been analyzing sea lion diets, conducting lab studies of hormone levels, sifting for clues to physiological health in hundreds of globs of poop and tracking animals with satellite tags. Across an arc of ocean from Southeast Alaska to the mid-Aleutian Chain, biologists have been cataloging what sea lions eat, where they go and how they raise their young.

The stakes reach deep into Alaska's coastal economy and have implications for the health of the entire **marine** ecosystem. The sea lion decline has confounded scientists and resource managers for nearly two decades and continues to trigger expensive closures for commercial fishing and lawsuits from environmental groups. The western stock has been listed as endangered since 1997.

With \$80 million in federal funding, more than 200 scientific studies at 25 institutions or agencies are now under way. Preliminary results from scores of studies were presented last week by key scientists in daylong marathon sessions at the conference at the Hotel Captain Cook. Other talks focused on regional oceanography and climate change, as well as the latest findings into the aftermath of the Exxon Valdez oil spill.

"I think we're learning a lot," said Bob Small, chairman of the sea lion recovery team and Alaska's **marine** mammals coordinator. "It's encouraging that there's a lot of new information coming out, and it's making us think."

"Everybody is going after parts of the puzzle," added biologist Brian Fadely, with the National **Marine Mammal** Lab in Seattle. "Putting it all together is going to be a master job."

The recovery team will meet next month in Seattle, Small said. Among other things, the team will discuss what sea lion recovery will look like when it happens and tackle the latest data into predation by killer whales.

Summarizing the conference's scope is daunting: 10-hour days jammed with hundreds of 15-minute reports, each complete with detailed charts and jargon-thick analyses. But over and over, the scientists talked about how collaboration with other researchers is opening up new insight into the sea lion world.

Thursday, biologists described studies off Kodiak involving scooping sea lion poop, eavesdropping on fish schools with sonar and tracking the secret daily flights of individual birds. The questions they investigated connect to each other: What do sea lions really eat? What fish swim offshore? How do seabirds compete?

Meanwhile, federal biologists had been capturing young sea lions in the same waters with divers. They then track where those sea lions go as they seek food and new territory.

The studies of diving capacity asked different questions: Can they stay down long enough to find the right food? And at what cost?

The sea lion named Perry may have pushed the limits. Some of the animal's dives ranged down to more than 600 feet or lasted 456 seconds -- possibly exceeding the aerobic capacity of an adult.

"Sea lions are the wimps," Burns said during her presentation at the conference. "The adults have the lowest (capacities) of all pinnipeds that we have measured, and the juveniles have even lower stores."

But what does this mean for an animal's ability to find enough food? Maybe you have to know how long they can hold their breath first.

"We've got to know where they can go at depth before we can look at their foraging," she said later.

Doug O'Harra can be reached at do'harra@adn.com and 907-257-4334.

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After '89 Oil Spill, Waves of Money

Many Who Voted to Cash Out Now Wish They Were Getting Monthly

By BLAINE HARDEN
Washington Post Staff Writer

AKHIOK, Alaska—This lonely fishing village is accustomed to torment. Out in the Gulf of Alaska at the southern end of Kodiak Island, it has endured earthquakes, tsunamis, black rains of volcanic ash and, 14 years ago this week, the most environmentally destructive oil spill in history.

In the past few months, though, Akhiok has been hit by tidal waves—of money. Checks for \$100,000 rolled in last August. Another round of \$100,000 payments arrived in January.

Most adults here have cashed two lottery-sized checks because they voted overwhelmingly last year to cash out most of a \$36 million trust fund owned by the native village corporation. The trust had been designed to pay 147 Akhiok shareholders, and their descendants, about \$1,000 a month forever.

The money came from Exxon, part of a settlement for the 1989 oil spill. The vote to liquidate came after seven years of bad blood and accusations of bad faith, much of it involving family members. Fretting about the sour stock market also played an insidious role, although the trust was in low-risk investments and relatively well managed.

The shock of cashing out has turned lives upside-down in this village of 30 prefab houses, no store, no hotel and per-capita income averaging about \$8,500. Some native residents moved away, bought homes and created college funds for their children. Many others say sudden wealth—and impulse spending on trucks, furniture, and mobile homes—has left them bewildered and well on the way to being broke.

Frank Berestoff, who fought with and then disowned his sister because she did not want to cash out the trust, has already spent his \$200,000. He bought three fancy pickup trucks and a surround-sound stereo system, paid his child-support arrears and hired a lawyer to keep a son out of jail.

"I heard, yeah, money, cool," said Berestoff, 42, an out-of-work logger who is now living with the sister he disowned (who has saved her teeth fixed and taking a vacation to Hawaii). "Now I kick myself in the butt. I would rather have the monthly checks."

Akhiok's insistence on fast cash over a guaranteed monthly payment is rippling



Frank Berestoff and his wife, Mary, received \$200,000 from the village corporation trust fund. Since August, they say they have spent it all, mostly on three expensive trucks.

across the Gulf of Alaska. It is rattling—but has not broken—the resolve of other native corporations that came into millions after the Exxon Valdez oil spill.

"How could it not be a temptation after what Akhiok did?" said Fred Christiansen, who owns a lodge in Old Harbor, another impoverished fishing village on Kodiak Island. The only way to get to Old Harbor or Akhiok is by boat or small plane.

Demanding that they, too, get a \$100,000 check, people in Old Harbor circulated a petition two months ago calling for liquidation of a \$21 million trust. It failed on a technicality, said Jeff Peterson, a member of the village corporation board. But he said a majority of the 325 shareholders wanted—and still want—a big check.

More than \$300 million is similarly at stake for at least 10 other small native communities in and around the Gulf of Alaska. The money is part of a \$900 million settlement that Exxon paid for the spill in Prince William Sound that dumped 11 million gallons of crude oil into one of the world's most pristine and productive fisheries, contaminating 1,300 miles of coastline and crippling the salmon industry.

Since 1995, more than a third of the Exxon settlement has been paid to native corporations such as the one in Akhiok. The money is used to buy native

land and set it aside for conservation. It has restored damage caused by the spill and prevented damage from logging and commercial development.

Environmentally, the scheme has been a resounding, if little-publicized, success. On Kodiak Island, it is responsible for the purchase and protection of 207,000 acres of prime habitat for salmon, bald eagles and Kodiak brown bears, the largest carnivores on North American land. The result is one of the biggest expansions of a national wildlife refuge through purchases in the 100-year history of the federal refuge system.

Cash paid to native corporations in villages such as Akhiok was intended, in part, to redress the chronic failure of a compensation scheme passed by Congress in 1971. Called the Alaska Native Claims Settlement Act, it deeded 44 million acres to native groups. The land, and the businesses natives could spin off of it, was intended to make them economically self-sufficient.

If they had oil or timber, it did make some native corporations rich. But many others, like Akhiok, couldn't make money off their remote holdings. Akhiok was so desperate for cash in the early 1990s that its then-president, Ralph Eluska, suggested corporation land be rented out for storage of nuclear waste.

The Exxon-funded land purchase

y Roll In

Check From Exxon



BY BLAINE HARDEN—THE WASHINGTON POST

Mable Berestoff, Frank's sister and a retired fishpacker who lives in Kodiak, received \$400,000 from the Akhiok village corporation trust fund. She put nearly all of it in savings.

scheme struck nearly everyone in Alaska as a win-win solution. Native residents voted overwhelmingly to participate. It injected about \$40 million into the treasury of the Akhiok native corporation. (No crude washed up on the shores of Akhiok, but the spill severely harmed its fishing industry.) The purchases also protected native land from commercial development while guaranteeing Akhiok residents the right to hunt and fish on it.

Eluska, who was in Washington in 1995 when the purchase plan was approved by the Interior Department, was so delighted then that he cried for joy.

"There were lots of reasons to be moved," he recalled. "This was a way to build a safety net that would be there through the generations."

When Eluska returned to Alaska, however, it quickly became clear that most shareholders wanted their money immediately. The corporation board headed off a revolt in 1997 by paying \$30,000 to most shareholders, which drained \$5 million from the trust fund.

Last year, with a new board of directors in control of the native corporation, Eluska's safety net was cast aside.

"The board members persuaded the people that we should just pay one generation off and we are done," Eluska said. "I disagreed with it, and I quit."

The new head of the native corpora-

tion, Pauline O'Brien, said the board merely followed the dictates of the shareholders, 79 percent of whom voted to cash out all but \$5 million of the trust. There are now 189 shareholders, but only about a third of them live in Akhiok or elsewhere on Kodiak Island. The rest are in Anchorage and the lower 48.

"They got what they wanted," O'Brien said. "The board did try to educate the people before distribution, with investment seminars and home-buying advice. Not many people showed up."

Mable Berestoff, 59, a retired fish packer, said she did pay attention. As a shareholder with twice the average number of shares, she has collected \$400,000 from the trust. She said more than \$350,000 of it is in savings.

"I can handle this money," she said.

But she is not typical, according to Mitch Simeonoff, president of the Akhiok tribal council.

He voted against cashing out, fearing that most people in Akhiok, himself included, would burn through the money in a year or so.

To his regret, Simeonoff's fears are proving prophetic, even for himself. He has already given away most of his windfall to his three grown children.

"The boys wanted new cars, and I can't deny them," he said. "My monthly payment is gone, and in another year I will be broke. We made a big mistake."

Comments presented to the Exxon Valdez Oil Spill Trustee Council

Wed., April 23, 2003, Juneau, AK

Introduction :

My name is Kenneth Adams, resident of Cordova, AK and a long time fisherman in Prince William Sound (PWS). My partner, Mr. Ross Mullins, and I are coordinators of the EVOSTC supported project #03636 which is entitled Fisheries Management Applications. The specific name for our organization is Prince William Sound Fisheries Research Applications and Planning (PWSFRAP).

Statement:

We are currently in the second year of PWSFRAP project activity in which we are seeking application of previous EVOSTC supported marine research for the benefit of stakeholders in the PWS area. We are especially interested in building bridges from the results of the Sound Ecosystem Assessment (SEA), work supported by EVOSTC from 1994 to 1999, most of which remains unutilized.

We have been involved in the developmental process for the Gulf Ecosystem Monitoring and research plan (GEM) and we are supportive of GEM. In view of the damages resulting from The Exxon Valdez Oil spill and sustained by the natural resources and dependent human activities, such as commercial fishing, subsistence, and others, the prospect of establishing and maintaining a long term monitoring and research program in the spill impacted area can be viewed as a positive legacy of that dreadful event.

The challenge before us is to help craft a GEM plan that is indeed responsive to the needs of the stakeholders in the previously oil impacted region.

Recommendations:

- 1) Adopt the spirit of SJR 44 which was created a year ago in the Alaska state legislature. Consider it as one of the guiding principles for GEM.

This resolution was sponsored by the Senate Labor and Commerce committee which included then Senators Ben Stevens, Alan Austerman, and Loren Leman. In effect, SJR44 acknowledges the benefits to industry that result from application of R&D projects and by extension, the benefits derived by the state's economy. We should not shy away from the fact that marine science can supply needed R&D for the commercial fishing industry in the state and help that industry which is in distress.

- 2) Follow the lead of Gov. Murkowski in recognizing that the salmon industry in Alaska is in need of help.

The Gov. recently announced the release of \$50 million dollars to help revive the industry. Those monies will be directed mainly toward improving infrastructure and market related activities. Those efforts are all greatly appreciated but the issue of fishery production also needs to be addressed. This is the domain of GEM. GEM can help provide monitoring and research information useful to resource managers, enhancement program operators and other stakeholders in the oil impacted region. The stakeholders can help identify just what parameters to monitor and where research is needed. For example, within the PWSFRAP process, we've conducted five workshops aimed at identifying PWS fishing community issues and needs. We want to share these results and work cooperatively to see these issues and needs addressed within the GEM plan.

Needs identified in our process also address the PWS herring resource which collapsed in '94, has been plagued with disease outbreaks, and remains at biomass levels well below the harvest threshold.

3) Release the rfp for FY 04

This rfp was to have been released Feb 15 of this year but as we all know, it has for a number of reasons, been delayed until now. The draft rfp we read earlier this year was indeed encouraging to us in PWSFRAP as there was a request for proposals to implement one of the models developed within the SEA project, the pink salmon fry survival model. Aside from the work sponsored by the Oil Spill Recovery Institute (OSRI) to further develop the PWS circulation model which is the foundation of OSRI's Nowcast/ Forecast program, implementation of the pink salmon fry model would be an asset to fishing stakeholders in PWS and one of the first substantial bridges from the fundamental science contained in SEA to application.

4) Provide for partnership opportunities for monitoring and research activities in the spill impacted area.

Prince William Sound was without doubt the most seriously impacted of the oiled regions. We need ongoing monitoring and research activities in PWS for a number of reasons. There are opportunities for coordination of programs with OSRI and the PWS Regional Citizens Advisory Council (RCAC). We need to forge alliances that will serve to inform resource managers and others of environmental change be they from natural or man made causes, simultaneously allowing essential industries of the area to conduct their business.

Cherri Womac

From: Joseph P. Kolasinski [jpk@gci.net]
Sent: Thursday, April 24, 2003 12:30 PM
To: Cherri Womac
Subject: Ernesta Ballard

EB: I'll move then to extend the lapse date so that we can get our arms around it, but I'd like to try to find a way for us to deal with it one more time, period.
MR. DUFFY: Seconded.

MS. BALLARD: I propose that embark on an effort to replace or to seek a new executive director and that that effort be coordinated by Craig and Molly and entail any notification and a recruitment and a screening process to be designed by them.

CHAIRMAN BALSIGER: Is there a second?

MR. DUFFY: Second.

CHAIRMAN BALSIGER: Is there any further discussion? Is there a sense of a time on this, Ms. Ballard?

MS. BALLARD: Yes, that it be a short advertisement period and that they have an opportunity to discuss the length of the advertisement relative to the media that they're in. I think the sense of some, as we had an informal opportunity to discuss this, might be that it would two weeks.

CHAIRMAN BALSIGER: Ms. Pearce.

MS. PEARCE: I would just ask that the Department of Justice attorneys also just know what the process is going to be and be logged into the discussions with Mr. Tillery.

Motion passed.

Is this what you wanted?
Joe

Subject: PLEASE GIVE TO CHERRI
Date: Wed, 23 Apr 2003 12:50:59 -0800
From: "Sandra Schubert" <sandra_schubert@oilspill.state.ak.us>
To: <anne.bergstrom@noaa.gov>

Cherri,

I realized I had not provided a draft motion for the deferred projects (this is one of the Tentative Action Items), so here it is. Please give 10 cc to Molly with this note, so she knows what it's for.

THANKS!

Sandra Schubert
EVOS Program Director
441 W. 5th Ave., Suite 500
Anchorage, AK 99501
Phone (907) 278-8012
Fax (907) 276-7178

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Encoding: base64
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DRAFT MOTION
FY 03 WORK PLAN PHASE II: DEFERRED PROJECTS

MOVE the Trustee Council adopt the recommendations for FY 03 Phase II deferred projects as outlined in the spreadsheet dated April 9, 2003, with the following conditions: (1) If a Principal Investigator (PI) has an overdue report or manuscript from a previous year, no funds may be expended on a project involving the PI unless the report is submitted or a schedule for submission is approved by the Executive Director, (2) a project's lead agency must demonstrate to the Executive Director that requirements of the National Environmental Policy Act (NEPA) are met before any project funds may be expended (with the exception of funds spent to prepare NEPA documentation), and (3) the PI for each project must submit a signed form to the Executive Director indicating his or her agreement to abide by the Trustee Council's data and report requirements.

DEPARTMENT OF COMMUNICATIONS



Handwritten notes in the top right corner, mostly illegible.

March 7, 2003

Dear Colleagues, *Molly,*

At long last, my story about the *Exxon Valdez* has appeared in print. We hit a couple of scheduling snags, hence the delay.

I promised most of you a copy when the story ran, so here it is. From the beginning, I wanted this to be more than an Exxon-bashing story. The enclosed copy is about half the material I originally wrote, but space limitations restricted the final product. I may do a couple of related stories elsewhere.

Your comments are welcome. I'm at rich_long@byu.edu.

Thanks again for your help in preparing the story.

Regards,

Rich

Rich Long
Professor of Communications

RECEIVED
MAR 10 2003
EXXON VALDEZ OIL SPILL
COMMUNICATIONS

Remembering The Exxon Valdez

By Rich Long

When the oil tanker *Prestige* broke in two and sank off the Spanish Coast last November, it generated global headlines and concern. According to recent reports, the tanker may continue to leak oil—estimated at a rate of 125 tons a day—until 2006. The spill has devastated the coastline of Northwest Spain and brought another infamous disaster top of mind: The *Exxon Valdez*. On the 14th anniversary of the *Valdez* spill, *Tactics* examines how the situation unfolded and was addressed in the years since, providing insight into the *Prestige* disaster.

CORDOVA, ALASKA — It was March 23, 1989, and the mayor's ad hoc committee on oil spills, a group formed by the mayor of Valdez, Alaska, and the city council, was meeting to discuss the potential impact of an oil spill on the town. One of the scheduled speakers, environmental activist Riki Ott, was unable to get from Cordova to Valdez, the southern terminus of the 800-mile Trans-Alaska Pipeline operated by the Alyeska Pipeline Service Company, so she gave her presentation via speakerphone. She told the group it wasn't a question of whether there would be a major oil spill in Prince William Sound. Rather, the question was when.

After the conference call, Ott went home, unplugged her phone and decided to sleep late the next day. Near dawn, a friend was banging on her door to announce that "the big one" had occurred. In fact, people all over the world awoke that morning to learn of the *Exxon Valdez*'s collision with Bligh Reef. A media frenzy ensued, as dozens of reporters and camera crews headed north. Soon there were no boats, helicopters or fixed-wing aircraft for reporters or anyone else to rent to get a firsthand look at the spreading slick—11 million gallons of crude oil, which eventually blackened some 1,300 miles of Alaskan coastline.

Nearly 14 years have passed since the incident, frequently called America's worst man-made environmental disaster. During that time, Exxon (now ExxonMobil following its 1999 merger with Mobil Oil) has spent \$2.1 billion on cleanup expenses and \$1 billion in settlements with the state and federal government. Along the way, Exxon has become a virtual swear word among Alaska's fishing industry and citizenry. Alaska's competitive position in the global fishing market has suffered, and hundreds of small businesses have gone under.

The *Exxon Valdez* case has been studied extensively, with much of the scientific research funded by legal judgments against Exxon. It is far more than a PR case, as sociologists,



On the Alaskan coastline after the *Valdez* collided with Bligh Reef.

wildlife biologists, maritime experts and environmental consultants have studied what went wrong and how to avoid a repeat of the ecological disaster.

Exxon's Response

Exxon issued an immediate news release taking responsibility for the incident and held its first press conference in Valdez the evening of March 24. Frank Iarossi, president of Exxon Shipping Company in Houston, arrived quickly and took charge of the company's efforts. Exxon set up claims offices in several Alaskan cities and paid out \$300 million to 11,000 Alaskans who brought an income-tax return and evidence of ownership of a fishing boat. While the media coverage quickly focused on oil-soaked otters and sea birds, Tom Cirigliano, Exxon's public affairs manager for Alaska, then-mayor of Valdez, John Devens, Ott and others knew the core question was: How much damage had been done to Alaska's fishing grounds?

Even Exxon's detractors acknowledge that the company took some bold and brave steps in the first few days. A town hall meeting in Cordova, a fishing village of 2,500 people, was lively and contentious, because the locals wanted to hear that the cleanup would be accomplished quickly, while Exxon knew it would be an extremely long process.

Though the cleanup operation took three days to gather momentum, it soon had an amazing impact on towns and villages along the sound.

Through a contractor, VECO Inc., Exxon began hiring every able-bodied person to begin attempts to save oil-saturated wildlife and spray oil from beach areas. VECO was offering \$17 per hour, plus overtime, and the demand for these workers was so great that area hotels, restaurants, grocery stores and day-care providers found themselves without employees.

In Valdez, the population soared from 4,000 to about 12,000, and cleanup workers were routinely found sleeping in tents, under front porches and even in other people's unlocked cars.

The cleanup was a bonanza, not only for local private boat owners who were offered up to \$8,000 a day by VECO for the use of their vehicles, but for television news crews as well. The graphic pictures of immobilized wildlife, soaked in thick, black oil, were irresistible, and world TV audiences were subjected to repeated shots of the damage.

Legal Issues

As the cleanup continued, the focus shifted to the legal arena. Hundreds of lawsuits were filed, Exxon was charged with civil and criminal violations and Congress and regulatory agencies quickly got into the act.

Cirigliano, Iarossi and others kept responding to virtually every media call. Even Exxon's critics say company officials on the scene were forthright in answering questions. What was missing—and what has colored

historians' view of the company's performance more than any other factor—was Exxon's CEO Lawrence G. Rawl.

Rawl was considered a savvy engineer and an expert in the complexities of the global oil industry. He was also known as being media-shy and, at times, feisty with the press and not well-trained in the art of the 30-second sound bite. If there is an upside to having the CEO express regrets, there is also a downside if he or she stumbles.

Unfortunately, Rawl did his share of stumbling. His four-minute interview with Kathleen Sullivan on "CBS This Morning" was a jumble of long, incoherent answers and a lecture on the CEO's role in a major corporation. Then he told *Fortune* that in 10 years he wouldn't expect to find any lasting damage from the Alaska oil spill. After all, he offered, in World War II, the United States lost 16 times more oil from torpedoed tankers off the East Coast without "permanent damage to the shoreline."

Exxon expressed its regrets in many ways. On April 3 they ran full-page ads in more than 150 U.S. newspapers and promised to "meet our obligations to all those who have suffered damage from the spill." These acts and other public statements about Exxon taking full responsibility for the spill and its cleanup would later prove a catalyst for hard feelings among Alaskans, especially after punitive damages became the focus.

Exxon's troubles continued on several fronts. When Congress passed the Oil Pollution Act of 1990, the law prohibited the *Exxon Valdez* from operating in Prince William Sound. Exxon doubts the legality of the ban, but the *Valdez* has been renamed the *Sea River Mediterranean* and is now operating in European waters.

Legal settlements proved complex and costly for Exxon as well. In 1991, the company paid seven seafood-processing companies \$70 million for oil-related losses. However, the settlement included a provision that the companies would pay back to Exxon any punitive damages they might later receive. The presiding judge, H. Russel Holland, called this "an astonishing ruse" to manipulate future juries.

The granddaddy of legal actions began in May 1994. More than 10,000 fishermen and 4,000 members of native groups sued Exxon and Joe Hazelwood, captain of the *Exxon Valdez*. Soon the list of plaintiffs exceeded 40,000.

In the first phase of the trial, Exxon and Hazelwood were found guilty of "recklessness." In the second phase, the jury awarded compensatory damages of \$287 million to the

fishermen among the plaintiffs. On Sept. 16, 1994, the federal jury awarded \$5 billion in punitive damages—one year's worth of Exxon profits.

However, plaintiffs' celebrations were short-lived. A lead attorney, David Oesting, cautioned that appeals could last "as long as three years." Eight years later, no punitive damages have been paid by Exxon. Last November, the Ninth Circuit Court of Appeals vacated the punitive damage award as "too high to withstand the review we are required to give it." So the case was sent back to Judge Holland, who must now decide on a new award. The consensus among local public officials is that a decision will be reached before the end of the year.

The formula for distributing any punitive damage award has already been finalized. The federal government will take the first 38 percent as taxes; plaintiffs' attorneys get 22 percent; and the Alaskan plaintiffs get the remaining 40 percent. Of course, 40 percent of nothing will still be nothing, so Alaskans are apprehensive that Exxon's vaunted legal machine may win all the marbles.

However, Exxon officials feel that the company has already paid for the crisis. Cirigliano says that Exxon has spent about \$3.5 billion as a result of the oil spill. "We feel that those who would benefit from punitive damages have, for the most part, already been paid," he says.

For Alaskans, the unresolved matter of punitive damages is a significant point of contention. Their rationale is that some companies and large fisheries, plus the federal and state government's have been paid, but the "little people" have received nothing.

One high-profile organization formed from the settlements is the Prince William Sound Regional Citizens' Advisory Council. Devens is the executive director. His deputy director, Marilyn Leland, is based in Anchorage. Neither are Exxon-bashers; rather, they recognize the need to work with the oil industry for any lasting solutions. However, both feel Exxon has been unnecessarily hard-nosed since the spill.

Devens is a pleasant but strong force to reckon with in Valdez. His assessment of Exxon's behavior and performance is mixed. "Exxon is a proud and arrogant company, but they threw a hell of a lot of money at the problem and tried to fix it—once they got started," he says. From Devens' perspective, Exxon's actions were driven by three forces, in this order: 1) media; 2) litigation; and 3) legislation.

Assuming the punitive damage issue can be solved in the near future, can the *Exxon Valdez* disaster finally be put to rest? As much as Exxon and other parties would like to answer "Yes," there are lingering problems that may keep the 1989 spill in the news.

One reason is the activism and

research of Ott, a marine toxicologist who holds a doctorate in marine pollution from the University of Washington. She helped form the Alaska Forum for Environmental Responsibility to provide oversight of Trans-Alaska Pipeline operations and improve industry and government accountability.

Several researchers have been interviewing former oil-spill workers to determine if any unusual health effects carried over from that summer's work. Preliminary results point to an excess of upper respiratory illnesses. The 1989 spill proved that the U.S. standard for exposure to crude oil was several hundred times too lax. As a result, many of the thousands of cleanup workers—especially those who didn't wear protective equipment—were exposed to potentially lethal amounts of oil and chemical solvents.

Ott is an interesting advocate for environmental causes. Her academic credentials are unquestioned. She has a decade of experience in commercial fishing in Prince William Sound. She has no financial motives for seeking

full disclosure on worker safety. And there is no doubting her high energy level. Devens says Ott is "highly opinionated but credible." Exxon has little to say about Ott, other than an oblique reference to her possible links to Erin Brockovich.

From a purely PR standpoint, there are numerous questions that could be, and likely will be, debated for the next decade.

Should Exxon have torched the spreading oil slick, burning off the surface oil? While this would have been hellish fodder for the TV crews, it might also have limited overall damage to the environment.

Despite the risks, should Raul have made at least a symbolic visit to the oil-soaked beaches and expressed his regrets about the damage?

Has the company been unnecessarily aloof about the ongoing appeals over \$5 billion in punitive damages? And, has this contributed to the notion in Alaska that Exxon only does what the courts force the company to do?

Alaskan anger over the endless appeals of the punitive damage award

is Exxon's thorniest PR problem in Alaska right now. The simple answer is to just pay the \$5 billion. But try explaining to the board of directors, shareholders, Wall Street analysts and Exxon employees why you caved in after already spending several billion dollars to repair some of the damage from the spill.

Meanwhile, what does Exxon do from a PR standpoint in Alaska? Purely goodwill ventures will be seen as transparent. Token efforts will be rejected as, well, tokenism. Exxon may be taking the only position that makes any sense if they are to prudently manage the company's assets.



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