

March 1, 2004
Trustee Council
Meeting

7/15.04

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 TELECONFERENCE MEETING March 1, 2004 10:00 a.m. 441 West 5th Avenue, Suite 500, Anchorage

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 Anchorage, Trustee Council Office, 441 West 5th Avenue, Suite 500
_____ State Chair

1. Call to Order – 10:00 a.m.
 - Approval of Agenda
 - Approval of Meeting Notes - February 9, 2004
2. Public comment – 10:05 a.m.
3. Executive Session if requested by Trustee Council
4. Executive Director comments – Gail Phillips
 - Report on February 25, 2004 PAC meeting – Chuck Meacham, PAC Chair
 - Update on 15th Anniversary
 - Policies and Procedures – amendment re distribution of meeting materials

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

- Trustee travel – budget amendment of approximately \$20,000
- 5. Discussion of archaeological project near Kodiak, raising of a 100-year old ship. Brought by Brad Stevens, NOAA.
- 6. Discussion and approval of additional projects for FY 2004 Work Plan including deferred projects, modifications and mid-term requests.*
 - Use of 2003 lapsed administrative funds
- 7. Discussion and approval for release of FY 05 Invitation*
 - Conceptual Proposal 1: Assessment of potential impacts from lingering oil to intertidal and subtidal benthic fauna
 - Proposal 2: Applied research related to lingering oil, resource recovery, and management and monitoring impaired water bodies
- 8. Determine use for NOS Grant*
- 9. Decision regarding the small parcel program (7 optional resolutions)*
 - Authorizing payment of outstanding obligation to The Nature Conservancy and The Conservation Fund
 - Authorizing approval for purchase of potential acquisitions by The Nature Conservancy and The Conservation Fund
 - Authorizing a contract with The Nature Conservancy and The Conservation Fund to continue the small parcel program
 - Authorizing The Nature Conservancy and The Conservation Fund or any other contractor to bring forth parcels for potential acquisition
 - Establish an endowment for the Habitat Sub-account with the remaining \$17,900,000
 - Authorize transfer of the remaining unexpended funds of \$17,900,000 from the Habitat Sub-account into the EVOS Investment Fund
 - Authorize payment to Alaska Department of Natural Resources for estimated costs for three Anchor River parcels

Adjourn

* Indicates action items.

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TRUSTEE COUNCIL MEETING NOTES

Anchorage, Alaska

February 9, 2004

DRAFT

DRAFT

By Joe Meade
Trustee Council Member

Trustee Council Members Present:

• Joe Meade, USFS***
Drue Pearce, DOI
James Balsiger, NMFS**

Kevin Duffy, ADF&G***
Ernesta Ballard, ADEC***
Gregg Renkes, ADOL**

- Chair
- ** Peter Hagen alternate for Jim Balsiger
- ** Craig Tillery alternate for Gregg Renkes
- *** Participating by teleconference

Meeting convened at 2:10 p.m., February 9, 2004 by teleconference in Anchorage at the EVOS Conference Room.

1. Approval of the Agenda

APPROVED MOTION: Approved the agenda for the February 9, 2004 meeting. (Attachment A)

Motion by Ballard, second by Duffy

Public comment period began at 2:15 p.m.

Public comment received from 12 individuals in Anchorage, Cordova, Homer, and Fairbanks.

Public comment period closed at 2:45 p.m.

2. Approval of the Meeting Notes

APPROVED MOTION: Approved the November 10, 2003 meeting notes. (Attachment B)

Motion by Duffy, second by Ballard

3. Trustee Council to meet with Public Advisory Committee

APPROVED MOTION: Approve meeting with the Public Advisory Committee (PAC) soon after the March 1, 2004 Trustee Council meeting to provide direction to the PAC on how best the PAC can serve the Trustees.

Motion by Duffy, second by Ballard

4. FY 04 Work Plan

APPROVED MOTION: Approve for funding FY 04 Alaska Coastal Current projects by: Stabeno, \$49,500 and Willette, \$89,800.

Motion by Duffy, second by Pearce

APPROVED MOTION: Approve addition funds for FY 04 Alaska Coastal Current project by: Weingartner, \$4,905 and increasing GEM Science Management budget for FY 04 \$17,000..

Motion by Duffy, second by Pearce

5. Draft FY 05 Invitation

APPROVED MOTION: Defer release of FY 05 Invitation until March 1, 2004 Trustee Council meeting to allow Trustees to provide comments and make improvements to language.

Motion by Duffy, second by Pearce

6. Application for NOS Grant

APPROVED MOTION: Approve EVOS staff *applying* accepting the NOS grant.

Motion by Pearce, second by Duffy

Deferred decision on what to use NOS grant for until March 1, 2004 Trustee Council meeting.

Meeting adjourned at 5:00 p.m. Motion by Duffy, second by Ballard

needs to be revised else file

\$70,000

applying

Meeting Summary

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

B. DATE/TIME: February 25, 2004

C. LOCATION: Anchorage, Alaska

D. MEMBERS IN ATTENDANCE:

<u>Name</u>	<u>Principal Interest</u>
Gary Fandrei (telecon)	Aquaculture/Mariculture
John Gerster (telecon)	Public-at-Large
Charlie Hughey (telecon)	Subsistence
RJ Kopchak (telecon)	Public-at-Large
Pat Lavin	Conservation/Environmental
Chuck Meacham (telecon)	Science/Technical
Pat Norman (telecon)	Native Landowner
Martin Robards	Conservation/Environmental
Scott Smiley (telecon)	Public-at-Large
Ed Zeine (telecon)	Local Government

E. NOT REPRESENTED:

<u>Name</u>	<u>Principal Interest</u>
Torie Baker	Commercial Fishing
John Devens	Regional Monitoring
Brenda Norcross	Science/Technical and STAC
Ed Page	Marine Transportation
Stan Senner	Conservation/Environmental
Stacy Studebaker	Recreation Users
Michael Vigil	Tribal Government
Vacant	Commercial Tourism
Vacant	Sport Hunting & Fishing
Vacant	Science/Technical

F. OTHER PARTICIPANTS:

<u>Name</u>	<u>Organization</u>
Paula Banks	Trustee Council Staff
Dede Bohn (telecon)	U.S. Geological Survey
Randy Hagenstein	The Nature Conservancy
Brenda Hall	Trustee Council Staff
Brett Huber	Alaska Department of Fish and Game
Barat LaPorte (telecon)	Patton Boggs
Vern McCorkle (telecon)	Public
Doug Mutter	Designated Federal Officer, Dept. of the Interior

Theresa Obermeyer
Gail Phillips
Chuck Reft (telecon)
Cherri Womac

Public
Trustee Council Executive Director
Public (Village of Karluk Shareholder)
Trustee Council Staff

G. SUMMARY:

The meeting was opened by Chuck Meacham, Vice-chair, at 10:05 a.m. Doug Mutter read the roll call, a quorum was not present. Shortly thereafter, a quorum was present. The summary of the January 15, 2004, PAC meeting was approved.

Gail Phillips gave the Executive Director's report. She noted that the Trustee Council put off a decision until their March 1 meeting on the FY 2005 GEM Invitation for Proposals. They approved two deferred projects, additional funding for two others, and approved applying for a National Ocean Service (NOS) grant of \$750,000, but postponed until March 1 a decision of what to apply those funds to. Action on the small parcel protection program was also postponed until March 1. She said that the Trustee Council wanted to hear what the PAC view was on the habitat protection program and that they also desired to meet jointly with the PAC this spring. Meacham said that the Trustee Council view of the PAC and their role was very positive. Phillips stated that Gerald Sanger had resigned from the PAC.

Public comment was solicited. Theresa Obermeyer commented on the make up of the Trustee Council, wondered when Exxon was going to pay up, and distributed a handout from her website at <http://www.tobermeyer.inf>. Chuck Reft commented on the parcel acquisition program, asking that information on acquisitions be made available early on to local inhabitants near areas under consideration—not everyone agreed with some of the past acquisitions.

Cherri Womac reported on the status of the Community Involvement Workshop scheduled for March 9 and 10 at the public library in Seward. Among other items, there will be a session on how to write proposals and a discussion of proposal review criteria. There will also be a discussion of elements of the Sigman report. Martin Robards suggested that some people may need some attention to heal from past perceived slights to community involvement efforts. Phillips stated that this workshop was in response to that and that people needed to attend and be part of the process to develop future guidance to improve community involvement. She noted that this will be an ongoing process, not a one-time effort. Pat Lavin asked if there would be an opportunity for past proposers to find out why they were not funded. Womac said that that would be discussed. Brett Huber said that he will present information on how community involvement needs should be accommodated in scientific proposals.

Phillips gave a report on the Trustee Council's upcoming decisions on the habitat protection program. Information on this topic was previously emailed to PAC members. She reviewed each of the seven optional resolutions (see Womac email of 2/23/04) that the Trustee Council will consider at their March 1 meeting. She also listed the pending small parcel acquisitions. She said that due to legal and financial considerations she was recommending against resolution #6, which would eliminate the program and the habitat sub-account. Paula Banks further explained those considerations, noting that the law that was passed to move the EVOS funds from the Court Registry was explicit that habitat protection, including small parcel acquisition be maintained.

Gary Fandrei raised a question about the support by Alaska Department of Fish and Game (ADFG) on some of the small parcels proposed for acquisition and whether plans for site development was being considered. Randy Hagenstein said that three properties were along the Kenai River and were of interest for habitat for salmon and for public access. Huber reiterated ADFG interest in the parcels for habitat and access. They are still reviewing the parcels and have not reached a final decision on what action to take.

Lavin suggested that the PAC support the Executive Director's recommendation not to adopt resolution #6, which would eliminate the habitat sub-account. Ed Zeine asked if the habitat funds could remain dormant until the Trustee Council decided to use them. Banks said they could and would earn interest. Kopchak stated that, while some acquisitions were controversial, and may be in the future, it was good to have a long-term vision that may help keep important habitat in place. Meacham said that there were probably limited special situation small parcels of land that would be appropriate to acquire, but that there was already very substantial government ownership of land in Alaska and he would rather put the money toward GEM, but that it did not seem possible with the current set-up. Meacham asked if "habitat protection" could include such things as stream bank re-vegetation, removal of abandoned oil tanks, waste oil collection facilities placed in rural harbors, etc. Huber said that habitat protection could include more than just purchase of title, and that projects need to be examined on a case-by-case basis. Zeine, Charles Hughey, and Fandrei agreed with the idea of using habitat protection funds for protection actions other than just land acquisition.

It was moved by John Gerster, second by Scott Smiley, (as amended) **that the PAC supports continuing the habitat protection program, to include small parcel acquisition, in perpetuity as an endowment; and opposes resolution #6 (on the Trustee Council March 1 agenda).** The motion passed with 9 yes to 1 no votes (no vote from Pat Norman).

Huber summarized the status of the FY 2005 GEM Invitation for Proposals. It is to be finalized at the March 1 Trustee Council meeting. The Trustee Council is interested in short-term applications as well as long-term data collection, so wanted the Invitation to reflect this desire. No new Community Involvement requests are in the Invitation; however, this is to be an integral part of scientific proposals, and some Community Involvement projects are still ongoing. The latest version of the Invitation will go out for final review shortly.

Robards asked how management applications would be integrated with the overall GEM framework and how funding normal agency work could be avoided. Huber said this was not a move away from GEM, but an attempt to gain some short-term benefits. Sideboards will be followed to ensure projects are legitimate.

Hughey asked about reviewing Community Involvement proposals based on the proposers past work with EVOS. Huber responded that some ongoing Community Involvement projects that have been funded and have multi-year funding have been approved. There is still an opportunity to correlate with science proposals in invited categories with a Community Involvement component, including engaging scientists with communities in joint efforts.

Meacham said that he would participate in the June review of proposals for FY 2005 with the Science and Technical Advisory Committee, and asked for one additional PAC member to participate. Last year there were about 70 proposals to review. A CD with all the proposals will be sent to all PAC members.

Phillips noted that the proposal for use of the \$750,000 grant from the NOS grant was to support ocean observing stations at Hinchinbrook Entrance and Montague Strait. Meacham said that use of these funds for administrative purposes was not a good application, but he supports use for this type of oceanographic project in Prince William Sound. Zeine and Kopchak agreed. The PAC members present supported this notion.

Lavin asked what became of the deferred projects. Phillips said that two were acted on and passed. Two other projects were given additional funding. Banks said they will examine the remaining deferred projects with the option of using lapsed funds from previous fiscal years to fund the projects. Robards said he supported completing the work on the Karluk Lake salmon project.

The meeting adjourned at 11:45 a.m.

H. FOLLOW-UP:

1. Womac will email to PAC members the Community Involvement Workshop agenda.
2. Womac will email to PAC members a request for participation in the STAC review of FY 2005 proposals this June.
3. PAC members are asked to pass the word in their communities about the Community Involvement Workshop.
4. PAC members are asked to let Womac know if they wish to participate in the proposal review process this June with the Science and Technical Advisory Committee.
5. Phillips will advise the PAC members of the schedule for meeting with the Trustee Council.

I. NEXT MEETINGS:

- PAC members are invited to attend the March 9-10 EVOS Community Involvement Workshop in Seward
- PAC and Trustee Council members in Anchorage May 19 or 20

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

1. Obermeyer handout

K. CERTIFICATION:

PAC Chairperson

Date

AMENDMENT TO POLICIES AND PROCEDURES

General Operating Procedures

Section I – Trustee Council

Item 7 – Meetings: Current language reads:

“The Executive Director shall provide a proposed agenda and appropriate briefing materials to the Trustee Council members in advance of the meeting. The final agenda for the meeting will be determined by the Trustee Council and shall include a reasonable opportunity for public comment.”

Language for a proposed amendment:

“The Executive Director shall provide a proposed agenda and appropriate briefing materials to the Trustee Council members at least 10 days in advance of the meeting. All materials from the public or from agency personnel for inclusion on that meeting’s agenda shall be turned into the Executive Director at least 15 days before the meeting.”

Exxon Valdez Oil Spill Trustee Council

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MEMORANDUM

TO: Trustee Council

FROM: Gail Phillips, Executive Director *Gail*

RE: Remainder of 2004 Work Plan

DATE: February 18, 2004

There are ten projects remaining in the 2004 Work Plan before you today for consideration for funding. Most of these projects were deferred by the Council's earlier action. The projects are given in order of priority for GEM program implementation (Table 1), and are classified according to the three criteria requested by the State Trustees (Table 2). With the exception of the Rice proposal, all have been peer reviewed and approved by the STAC and the Science Director. If the Trustee Council approves the Rice proposal, it can be funded on a contingency basis, "fund contingent," so that scientific review and budgetary details can be arranged by EVOSTC staff prior to release of funding by the Executive Director. All proposals would be funded contingent upon receipt of a revised schedule and statement of work, as they were originally submitted for funding in a different time frame.

Table 1: Prioritized list of proposals recommended by the Executive Director for funding in FY 2004, the recommended funding for each project (thousands of dollars) and the running sum of the prioritized projects. Proposals include projects deferred at the November 10, 2003 TC meeting, a request for a project modification, and two mid-term requests for funding. Please consult the text for explanation of priorities.

Table 1

<u>Category</u>	<u>Priority</u>	<u>Agency</u>	<u>Recommended</u>	<u>Sum</u>
			FY 04	
Budget Modification: Walker-FY04-Marine Derived Nutrients	1	ADF&G	\$18.8	\$18.8
Couvillion-FY04-Coordinated Coastal Mapping	2	NOAA	\$71.3	\$90.1
Mid-term Request: Saupe-FY04M-Kodiak Shore Zone Mapping	3	NOAA	\$205.2	\$295.3
Mid-term Request: Rice FY04M- Additional lingering oil studies	4	NOAA	\$111.9	\$407.2
Bechtol- Monitoring Ecosystem Parameters	5	ADF&G	\$37.6	\$444.8
Cooper-FY04-Community-Based Sampling	6	NOAA	\$102.5	\$547.3
Mazumder-FY04-Marine-Derived Nutrients	7	ADF&G	\$179.4	\$726.7
Devens-FY04-PWSRCAC-EVOS LTEMP	8	NOAA	\$70.9	\$797.6
Kline-FY04-Exchange GOA and PWS	9	NOAA	\$71.5	\$869.1
Mann-FY04-History of Sockeye Populations	10	ADF&G	\$46.6	\$915.7

Table 2: Deferred, mid-term request, and project modification proposals in alphabetical order by lead author, classified by State Trustee evaluation criteria (lingering oil, **L**, direct impacts, **D**, management applications, **M**), with funding recommended by the Executive Director (thousands of dollars), explanatory comments for those not recommended to receive any funding, and Executive Director's priority for funding.

Table 2

Category	Original		Recommended			Comment	Priority
Deferred	FY 04	Class	FY 04	FY 05	FY 06		
Bechtol-FY04-Parameters N. Gulf of AK	37.6	D, M	37.6	56.1	56.0		5
Bird-FY04-Mobile Data Network-Vessels	140.9	L, D, M	0	0	0	NOS Option 1	NA
Cooper-FY04-Community-Based Sampling	102.5	D,M	102.5	86.0	96.9		6
Couvillion-FY04-Coordinated Coastal Mapping	71.3	D, M	71.3	59.2	61.0		2
Devens-FY04-PWSRCAC-EVOS LTEMP	70.9	L, D, M	70.9	0	0		8
Kline-FY04-Exchange GOA and PWS	71.5	L, D	71.5	227.5	231.6		9
Mann-FY04-History of Sockeye Populations	46.6	L, D	46.6	90.4	0		10
Mazumder-FY04-Marine-Derived Nutrients	179.4	D, M	179.4	168.2	165.6		7
Vaughan-FY04-Hinchinbrook Entrance	81.2	L, D	0	0	0	NOS Option 1	NA
Sub-total			579.8	687.4	611.1		
Project modification - administrative problems							
Walker-FY04-Marine Derived Nutrients	0	D,M	18.8	0	0		1
			611.9				
Compelling mid-term requests							
Rice FY04M-Additional lingering oil studies	NA	L, D	111.9	195.5	0		4
Saupe-FY04M-Kodiak Shore Zone Mapping	NA	M	205.2	185.3	0		3
Grand Total			915.7	1068.2	611.1		

Table 3: Fiscal Issues: A funding decision is recommended on FY 04 deferred project budgets by expending the remaining un-committed funds for FY 04 and the lapsed FY 03 EVOS operational administrative funds. The Trustee Council authorized an allocation of \$5,000,000 for the FY 04 Work Plan, (this figure does not include the additional \$248,300 supplemented by the NOS grant). On September 3, 2003 the Trustee Council approved the expenditure of \$1,572,600 for the operational administrative budget (this figure did not include the \$248,300 expenditure of the NOS grant); on November 10, 2003 the Trustee Council approved an additional \$3,187,402 for FY 04 project budgets. On February 9, 2004 the Trustee Council added an additional \$214,205 for Deferred FY 04 project budgets, for a total authorized expenditure for FY 04 of \$4,974,207, which leaves \$25,793 un-committed funds that were allocated for FY 04 deferred project budgets. At the end of FY 03 a surplus of \$607,310 in EVOS operational administrative lapsed (un-committed) funds remains. This surplus of funds was the end result of several factors, staff reductions, budgeted positions that remained vacant, timetable adjustments due to administration and staff transitions which resulted in unspent budgeted dollars. Since we do have 2003 lapsed administrative funds, these dollars could be added into the 2004 work plan and we would be able to fund more of the deferred projects.

Table 3

\$ 5,000,000	Trustee Council Authorization FY 04 Allocation
\$ 4,760,002	Total approved fro FY 04 Work Plan including State, EVOS recommendations and Fund contingent projects, November 10, 2003
\$ 214,205	Deferred Projects Approved February 9, 2004
\$ 4,974,207	Total Expenditures Approved to Date
\$ 25,793	Remaining un-committed FY 04 funds
\$ 607,310	FY 03 Surplus Operational Admin Lapsed Funds
\$ 25,793	Remaining un-committed FY 04 funds
\$ 633,103	Total Remaining FY 03 Lapse plus Remaining FY 04 allocation

JUSTIFICATION FOR PRIORITIES

1. The Walker project requires \$18.8K due to an administrative problem explained in a separate memorandum (see attachment 1) from the project leader. Existing projects with reasonable needs due to unforeseen circumstances require top priority for attention.
2. The Couvillion project would provide an essential and timely step toward implementation of the Nearshore monitoring program. The Nearshore area of GEM is the closest among the four habitat types for implementation of long-term monitoring, and nearshore areas which were the most heavily impacted by the oil spill. In addition, nearshore areas are still suffering the effects of lingering oil. The recently completed synthesis and database project of Bodkin

and Dean pointed out that completion of shoreline mapping would permit allocation of sampling effort to key parts of the nearshore (rocky ledges, soft sediments, kelp, eel grass, etc.) in proportion to their importance in the GEM area. The Couvillion project would enable completion of shoreline mapping in a cost effective manner by coordinating among the groups who now hold partial maps of coastline habitats. The project was highly recommended by a workshop coordinating shore line mapping in 2003, and it was recommended by peer reviewers, the STAC, and the Science Director.

3. The Saupe proposal is a very timely effort to complete shore line mapping in oil spill affected areas in the Kodiak region. The methods and unit costs of the proposed work were peer reviewed, since identical methods were previously used in the GEM program for other geographic localities. The Saupe project is ready to be implemented, since areas outside of PWS that have not been mapped are well known. Due to the large number of shore line habitat mapping efforts in PWS (Alyeska, NOAA, & others) additional work will be needed in FY 2004 (see attachment 2) before executing the shore line mapping effort in Prince William Sound in FY 2005.
4. Rice has asked that funding be set aside for additional work on "lingering oil" in the summer of 2004 - 2005. Their "GEM Proposal Summary Page" is available as an attachment (see attachment 3) and specifics of this work will be sent out separately. This is not ranked ahead of pressing Nearshore needs, since understanding effects of lingering oil is a prime objective of the Nearshore program.
5. Bechtol is laying the foundation for a fisheries management application for the GEM program. By adding oceanographic instrumentation and the services of a physical oceanographer to the primary non-salmon fisheries survey project in southcentral Alaska, the data necessary to connect changes in fisheries resources to changes in the physical environment would be collected. The additional data and scientific expertise would allow the survey project to improve forecasts and other advice to managers and the Board of Fisheries, over and above what is now provided. The physical data would contribute building the basic data for the Alaska Coastal Current, as explained in the Science Plan.
6. Cooper is designed to add value to the Walker's watershed project in terms of sampling and analyzing water quality parameters, and at the same time providing an important dimension of community involvement. The project was recommended as part of the original FY 2004 Watershed package by peer reviewers, the STAC, and the Science Director, and it was recommended for funding by the Executive Director.
7. Mazumder was recommended as part of the original FY 2004 Watershed package by peer reviewers, the STAC, and the Science Director. It was recommended for deferral in November 2003 because of some budget issues that have since been resolved.

8. Devens is an important part of the Nearshore implementation, as the Long Term Environmental Monitoring (LTEMP) is one of the longest time series of hydrocarbons in the Nearshore environments of Prince William Sound. It was recommended for deferral in November because more time was needed to work out the specifics of cost sharing between the Regional Citizens Advisory Council and EVOSTC. Funding this now will allow the Nearshore to finish working out incorporation of LTEMP into the GEM Nearshore program.
9. Kline would provide important measurements from the interior of PWS at the "Black Hole" to monitor the connection between the Alaska Coastal Current and interior PWS. This would be an important adjunct to the NOS FY 2004 Option 1 studies, and would stand alone as an indicator of the strength of food resources for pink salmon and herring in PWS. This was recommended for deferral in November 2003 due to outstanding questions regarding sampling methods which have now been resolved.
10. The Mann project would analyze geological data already collected to understand the history of sockeye salmon populations in the oil spill affected area for as much as 1000 years before present. It was peer reviewed, and it was highly recommended by the Public Advisory Committee, but was recommended for deferral in November 2003 because it is directed toward stable data which could be analyzed in the future and because of the concern that other projects receive higher priority. The Trustee Council should take advantage of data it has already paid to collect as soon as funds become available.

Classification According to Criteria of State Trustees

The State Trustees advanced three priorities, (relevance to) Lingering Oil (impacts), (evaluation of) Direct Impacts (of oiling), and (ability to deliver) Management Applications (to resource management agencies), as criteria by which projects should be evaluated for funding by the Council in November 2003. Fortunately, these three priorities were first and foremost during the development of GEM from its first draft in April 2000, through its adoption by the Trustee Council in July 2002. As a result, all of the projects that passed through GEM's peer review-STAC process to be recommended for funding by the Executive Director are fully consistent with one or more of these three criteria. To promote understanding among interested parties regarding the meaning of these criteria, the definitions of these criteria as they have evolved over the past fifteen years, and as tested during litigation are provided here for clarification. The criteria that apply to proposals in this funding memorandum are given in Table 2.

Lingering Oil: Studies measuring chemical constituents of oil, or oil exposure markers in the environment or biological entities obviously contribute to understanding impacts of lingering oil, however such information is unlikely to be conclusive evidence of lingering oil in and of itself. For example, environmental baseline information regarding physical mechanisms of distribution and delivery of the oil remaining in the environment to

biological entities is also needed. For establishing population level effects, baseline on factors regulating sources of food and limiting habitat of injured species, their predator and prey are also necessary to insure the credibility of the effects inferred from lingering oil studies.

Direct Impacts: Direct impacts of oil were formally investigated for only a handful of the species that were probably injured by the oil spill. These "injured species" served and continue to serve as metaphors for the combined biological damages and loss of utility of the resources to humans caused by the oil spill. Many of these injured species occur in the intertidal, and are still listed as "injured." Studies of the Nearshore habitats are particularly important for understanding direct impacts to these injured species. Studies that provide information relevant to trends in abundance, or for the interpretation of the relative contribution of natural forcing and human influences on populations trends are necessary for evaluating the direct impacts of oiling.

Management Applications: Information that contributes directly to making decisions on human interactions with natural resources, for example fishing, or for understanding levels of pollutants and what controls them, for example TMDLs, or land use decisions, such as Coastal Zone Management, either directly or by inference, meets the management application criterion. For example, Watershed-type projects are collecting data that will be invaluable to managing competing interests for uses of watersheds, such as commercial salmon fishing and wildlife populations that depend on salmon, such as bears.

Staff will gladly provide any further information you may need regarding these projects.

Cc: State and Federal Agency Support Personnel



95 Sterling Highway, Suite 2

Homer, Alaska 99603

Phone (907) 235-4799

February 17, 2004

Exxon Valdez Oil Spill Trustee Council
441 West Fifth Avenue, Suite 500
Anchorage, AK 99501

RE: GEM project number: 040726. Presence and Effects of Marine Derived Nutrients (MDN) in Stream, Riparian and Nearshore Ecosystems on Southern Kenai Peninsula, Alaska: Developing Monitoring Tools for Tracking MDN in Alaska Watersheds.

Dear Trustee Council,

I am respectfully submitting a request for additional funds for the Anchor River marine-derived-nutrient project which EVOS GEM funded for FY04-FY06. Specifically, we are in need of \$18,800 additional funds in FY04 to operate the weir on the North Fork of the Anchor River, which is a crucial part of this project. The weir will be used to enumerate returning chinook and coho salmon. The levels of returning salmon will be directly related to water chemistry to see if a nutrient proxy for returning salmon numbers can be developed, and salmon numbers will also be related to analysis of food web responses to marine derived nutrients in the stream continuum environment. The original budget submitted with the proposal included weir operation funding, however due to a misunderstanding the weir operation was budgeted for one instead of two salmon runs. We planned to operate the weir part-time by paid ADFG employees, and staff the weir the remainder of the time through volunteers. We found that this option will not work. Thus, we must pursue the potential for additional funds to fully man the weir.

The attached revised budget includes \$17,200 additional funds for personnel to operate the weir in FY04, and \$1.6 in additional general administration funds, for a total of \$18,800. I appreciate the Council's consideration of this budget request. If you have any questions, please contact me at my direct phone line: (907) 226-4651, or email: coowe_walker@fishgame.state.ak.us.

Sincerely,

Coowe Walker
KBRR Watershed Coordinator

cc. Brett Huber
Phil Mundy



"The mission of the Council is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and oil facility operations in Cook Inlet."

Members

February 4, 2004

Alaska State
Chamber of
Commerce

Dear Ms. Phillips, Executive Director
EVOS Trustee Council
441 West 5th Ave., Suite 500
Anchorage, AK 99501

Alaska Native
Groups

Dear Ms. Phillips,

Environmental
Groups

As I indicated during our meeting last week in Anchorage, I am submitting a proposal to continue ShoreZone mapping for Kodiak Island which is, in effect, a continuation of a project previously co-funded/sponsored by the EVOS Trustee Council and the Cook Inlet Regional Citizens Advisory Council (RCAC). There are three main reasons why we propose FY04 funding instead of waiting for the EVOS Trustee Council FY05 Invitation for Proposals; (1) the proven success of ShoreZone mapping in the EVOS area to provide nearshore habitat data, (2) the limited time available to conduct ShoreZone surveys in any given year, and (3) the demonstrated support of numerous state and federal agencies, researchers, and local non-governmental organizations to provide ShoreZone as a management, research, planning, and oil spill response tool in Alaska.

Recreational
Groups

Aquaculture
Associations

ShoreZone Mapping Proposal - Background and Justification

Fishing
Organizations

The EVOS Trustee Council's draft GEM Science Plan and DRAFT FY 05 Invitation list ShoreZone as a recommended data source for moving forward with projects for the nearshore habitat component of the GEM. However, ShoreZone mapping has not been completed for the entire EVOS area. By moving forward with this proposal, we can complete the Kodiak Island biophysical mapping database by next winter/early spring. These data, when coordinated with all previous programs in the EVOS area, will provide contiguous ShoreZone data for all but Prince William Sound. A draft proposal has also been prepared to conduct ShoreZone mapping in Prince William Sound and will be submitted under the FY 05 Invitation after finalizing the agreements for matching funds and coordinating the participating organizations (unless the EVOS Trustees think that ShoreZone mapping should also move forward in Prince William Sound this summer).

City of Kodiak

City of Kenai

City of Seldovia

As described in the Research Plan of our attached proposal, ShoreZone surveys take place during the lowest monthly tides and when water level is below the "zero-tide height" on any given day. ShoreZone surveys are also best conducted in early- to mid-summer (May-August) to ensure high-quality biological inventory data. Thus, survey time is limited to several 6-day survey-windows per year, with only ~1800 km of shoreline surveyed per window. By waiting for the FY 05 Invitation process, we will miss the entire 2004 field season and will delay the use of these EVOS-area coastlines in subsequent nearshore projects by at least another year.

City of Homer

Kodiak Island
Borough

We feel confident that the participants in our proposal provide a logical continuation of the previous efforts put towards ShoreZone mapping in the northern Gulf. Cook Inlet RCAC initiated ShoreZone in Alaska for a 2001 pilot project and has led the mapping efforts in Alaska by successfully bringing together numerous industry, borough, state, and federal funding sources. The proposed subcontractors, Dr. Harper of Coastal and Ocean Resources, Inc. and Mary Morris of Archipelago Marine Research, Ltd., are the developers of the ShoreZone methods applied in British Columbia and Washington State and also provided the modifications requested for the Alaska-specific mapping. They have conducted all of the Alaska ShoreZone aerial and on-the-ground

Kenai Peninsula
Borough

Municipality of
Anchorage

surveys to date. Their unique qualifications for conducting ShoreZone in Alaska were underscored recently during an internationally advertised National Park Service invitation for bidders to conduct ShoreZone mapping along the Katmai and Aniakchak National Park coasts. Following a review of interested bidders and a rigorous legal review, a sole-source contract was awarded to Dr. John Harper's team.

Coastal Mapping Coordinator – Developing ShoreZone into User-tool

Finally, as I emphasized to you last week, there is a definite need for coastal mapping coordination as proposed to EVOS by A. Couvillion/TNC in a FY2004 "deferred" project titled "Coordinated Coastal Mapping." Given the possible importance of the ShoreZone initiative in upcoming GEM plans, this proposal is extremely timely. The proposed project was a result of recommendations by numerous state and federal agency personnel, as well as other organizations, that the Alaska ShoreZone datasets that are being developed through various funding sources or agencies be compiled and presented into a cohesive, one-source database.

Ms. Couvillion's proposal states that "the key expected result from a well coordinated coastal mapping effort is a unified, seamless, ShoreZone map covering the entire GEM study area that will be electronically available to researchers, local governments, industry, and the general public." The collection of new ShoreZone data was not a component of her proposal and the development of a successful user-tool will depend on those of us who have collected ShoreZone data to ensure that our data be integrated into this larger proposed coordination effort. A coastal mapping coordinator can develop the necessary agreements with each organization to ensure that integration. In addition, they can provide guidance for investigators wishing to use ShoreZone for moving forward with GEM studies and can coordinate outreach efforts to agencies, coastal cities, villages, tribes, and any other potential user groups. We ask that you reconsider Ms. Couvillion's deferred proposal and allow her to update and revise it for immediate funding this year.

I appreciated the opportunity to discuss our ShoreZone projects with you. If you have any questions, please contact me at saupe@circac.org or the phone number below.

Sincerely,

/S/

Susan M. Saupe

Director of Science and Research

EVOS PROPOSAL SUMMARY PAGE

(Trustee Council Use Only)

Project No. _____

Cluster _____

Date Received _____

Project Title: ShoreZone Mapping for Kodiak Island
(submitted under BAA)

Project Period: A three year project funding period is requested, starting FY04/05 and ending in FY 05/06

Proposer: Susan Saupe phone: 907 283 7222
Cook Inlet RCAC. fax: 907 283- 6102
910 Highland Ave email: saupe@circac.org
Kenai, AK 99611

EVOS Funding: \$ 205.2K in FY04; 185.3K in FY05

Matching Funds: approx. \$ 200 (to date) for northern Kodiak Island (EVOS, CIRCAC, CIAP)

Study Location: Kodiak Island

Trustee Agency:

Abstract: A one-field season program of ShoreZone coastal mapping of Kodiak Island is proposed. This would follow existing EVOS ShoreZone Mapping Protocols (Harper and Morris 2003) and complement the 1,600 km of existing mapping on Kodiak and the 7,000 km of completed ShoreZone mapping within the GEM region. *The ShoreZone data is recognized as a significant tool for spill response planning and as a spatial framework for GEM planning.*

Aerial Video Imagery (AVI) would be collected during the lowest tides of the year and would be used as the primary data source for intertidal and shallow, subtidal mapping. The imagery is available in conventional formats (videotapes and DVD), and will be web-posted (see <http://imf.geocortex.net/mapping/cori/launch2.html> for Cook Inlet Imagery and Mapping data). Two 6-day AVI surveys (est. 3,600 km of shoreline) are proposed that will expand the ShoreZone mapping database to provide GEM researchers with a regional characterization of the physical and biological shore-zone features throughout the GEM project area. During several coastal mapping workshops, ShoreZone has been recognized by numerous state and federal agencies, non-governmental organizations, researchers, industry, and citizens as a much-needed planning and management tool. ShoreZone mapping data is widely used by state and federal agencies for regional planning (e.g., Geographic Response Strategies, eelgrass distribution maps), and development of derivative models (e.g., potential oil spill residence time, forage fish spawning capability, commercial fish rearing potential habitat). Non-governmental organizations (NGO's) and coastal communities have routinely used the ShoreZone data for public awareness campaigns and other planning efforts.

Trustee Council Use Only

Project No: _____

Date Received: _____

GEM PROPOSAL SUMMARY PAGE

Project Title: Lingerin Oil: Contaminant Inputs to PWS and CYP1A induction in Fish

Project Period: FY04 - FY 06

Proposer(s): Stanley Rice (Habitat Program Manager), Jeff W. Short, Mandy Lindeberg
NOAA/NMFS Auke Bay Laboratory

Study Location: Prince William Sound

Abstract:

Recently lingering oil studies have found that Exxon Valdez oil persists, and continued CYP1A induction in sea otters and sea ducks have become the best documented long-term impacts of the spill. Exxon scientists suggest there are many other potential pollutant sources in PWS that confound measurements of CYP1A induction. The project proposed here will definitively assess contributions, if any, from other contaminant sources to contaminant stresses on biota in Prince William Sound (PWS). At a suite of sites, passive sampling devices will be deployed and then analyzed to evaluate their induction potential. Aliquots of concentrated extracts from the samplers will be injected into cultured rainbow trout (*Oncorhynchus mykiss*), and the induction of cytochrome P450A1A (CYP1A) measured. These measurements would compliment the on-going sea otter studies of FY04, where a final measurement of CYP1A will be made in summer 2004.

Funding:	EVOS Funding Requested:	FY 04	\$ 111.9 K	
		FY 05	\$ 195.5 K	
		FY 06	\$ 0.0 K	
		TOTAL: 307.5 K		
	Non-EVOS funds used:	FY 04	\$ 25 K	
		FY 05	\$ 25 K	
		FY 06	\$ 0 K	
		TOTAL: \$ 50 K		

Date: February 18, 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: Gail Phillips
Executive Director, EVOSTC

FROM: Paula Banks *PB*
Administrative Manager, EVOSTC

DATE: February 20, 2004

RE: Information regarding GeFONSI account and the EVOS operational fund
FY 03 fund lapses.

Lapsed funds and the GeFONSI balance of \$7.4M as of January 31, 2004, is an estimate only. Monies are spent as projects use their funds and interest and capitol is added periodically. To come up with a tangible figure, I calculated the remaining available funds in GeFONSI by taking the balance of 7.4M and deducting what I know has been added from the restoration fund or remains subject to spending. I reduced the balance by \$3.2M for FY 04 projects and by an additional \$300,000 for the estimated FY 03 project lapses. This does not include the EVOS operation lapse. The \$600,000 of EVOS operation lapses are figures we can guarantee will not have any expenses because we are the only ones authorized to spend against those projects. This leaves a balance of \$4.5M in GeFONSI (this would be reduced to \$3.9M should the council decide to use the EVOS operational lapses). Historically the remaining lapses were used to fund the next year's projects so that less money was pulled from the restoration fund. Due to staff changing without any cross training I wasn't aware of that until after the transfer for the FY04 work plan.

It seems prudent to either return the available lapse from GeFONSI to the investment account or to utilize it to offset the restoration fund withdrawal for next year's work plan. The funds in the GeFONSI are invested conservatively. The money in the restoration account is invested in a much more aggressive manner and realizes a much higher rate of return. In addition to the benefit of a higher rate of return, maximizing our position in the investment account would add to our annual average market value and increase our out year allocations for FY 06 and beyond.

Exxon Valdez Oil Spill Trustee Council

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Memorandum

To: Gail Phillips
Executive Director

From: Paula Banks *PB*
Administrative Manager

Date: February 27, 2004

Re: Draft Invitation corrections under "C. Program Structure", and Revisions to the language under "Community Involvement"

The Draft Invitation provided to the Trustee Council and published on the EVOS website was found to be incorrect. I made the following corrections to page 4, under section C. "Program Structure":

- ◆ I revised the NOS award figure to \$248 thousand in the section describing the cap.
- ◆ I removed the erroneous administrative figure of \$1.64 million and replaced it with the correct figure of \$1.82 million, (this change reflects the actual FY 05 administrative costs including that portion underwritten by the NOS grant).
- ◆ I replaced the \$1.65 million earmarked for continuation of projects begun in FY 04 with the correct figure of \$1.66 million.
- ◆ I changed the amount remaining for new projects in FY 05 from \$2.1 million to the correct amount of \$1.77 million.

Numerous additional changes were made correcting the format as well as website link typos.

Revisions were made to the language on pages 3 and 16 to clarify the opportunity for community involvement in the FY 05 invitation.

Note: Budget link pages are not operational.

202-208-
-4890

NOS GRANT

Option 1. Allocate the funding to fund a single project, the Hinchinbrook-Montague Project. The rationales are that this is consistent with both the GEM Science Plan and IOOS, it supports many other EVOS activities including lingering oil investigations, and it would require a relatively small amount of staff time to accomplish. The Hinchinbrook-Montague Project is preferred because 1) it is the best match between GEM Science Plan needs and the IOOS criteria applied by NOS, 2) it has been in planning between the Prince William Sound Regional Citizens Advisory Council (PWSRCAC), the Oil Spill Recovery Institute (OSRI), University of Alaska Fairbanks (UAF) and GEM for over two years, which would permit a proposal and budget to be submitted to NOS in the time frame available, 3) it would provide information necessary to distinguish impacts of oiling on PWS herring, seabirds and nearshore resources from natural forcing factors that were identified in the Sound Ecosystem Assessment studies funded by the Trustee Council under the Restoration Program, 4) it would provide information critical to effective oil spill response and management decisions, such as when and if to use dispersants, in the form of real time surface current vectors, 5) it would support the development of the PWS pink salmon forecast model, identified by the Cordova community as a top priority for GEM in their areas, and as important for economic development in the fishery, 6) it would support development and improvement of other modeling efforts important to economic development and oil spill response such as the SEA herring model and the Princeton Ocean Circulation Model used in PWS by OSRI.

Exxon Valdez Oil Spill Trustee Council

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MEMORANDUM

TO: EVOS Trustee Council

FROM: Gail Phillips, Executive Director *Gail*

DATE: February 20, 2004

RE: Information for Small Parcels Agenda Item for 3/01 Meeting

There are several specific decisions the TC needs to make during the March 1st meeting pertaining to the Small Parcels program.

You have already received my memo dated 12-23-03 regarding the status of the grant with TNC and TCF and the money remaining in that fund.

You also have received a large packet with my memo dated 1-19-04 which includes the breakdown on specific parcels.

Attached to this memo is a brief historical recap of our habitat account.

Enclosed are the specifics on parcels identified for consideration for purchase.

We have prepared several optional resolutions for your consideration. I strongly recommend approval of Resolution #1 which reimburses TNC/TCF for money they have expended on our behalf under the provisions of their grant. I recommend against approving Resolution #6 for the reasons stated in the memo from Paula Banks and our investment advisors.

1. Authorizing payment of outstanding obligations due to the TNC and TCF for a total reimbursement due of \$242,756.59.
2. Authorizing approval for purchase of potential acquisitions by TNC/TCF. These are each shown by description and a dollar amount needed for each.

3. **Authorizing a contract with TNC/TCF to continue the Small Parcels program in the future. There is approximately \$17,900,000 remaining in the Habitat Sub-Account that could be applied to this program.**
4. **Authorizing TNC/TCF or any other contractor to bring parcels forth for purchase consideration by the Council. These would be presented without a contract and would be considered parcel by parcel. There is approximately \$17,900,000 remaining in the Habitat Sub-account.**
5. **Authorizing the establishment of an endowment for the Habitat Sub-Account in which only annual investment earnings would be spent for habitat purchases in the future. Conservatively, we could expect to have \$1,200,000 annually available from the interest earned off this account.**
6. **Authorizing the transfer of remaining unexpended funds of approximately \$17,900,000 from the Habitat Sub-Account into the EVOS Investment Fund and closing out the Habitat Sub Account.**
7. **Authorizing payment to the State of Alaska, Department of Natural Resources in the amount of \$6,750 to receive the three Anchorage River properties (Thompson, Knol and Nakada). The estimated costs to DNR are as follows:**
 - \$1500 for title review per parcel (\$4500)**
 - \$250 for hazmat review per parcel (\$750)**
 - \$250 for appraisal update reviews for Thompson and Knol (\$500)**
 - \$1000 for appraisal review for Nakada**

HISTORICAL RECAP OF HABITAT PURCHASES

AS OF 3-01-04

Since 1993, the Trustee Council has spent over \$365,000,000 for habitat protection on 644,836 acres of land. Most of this was in large tract purchases; however small parcels were purchased that contained unique habitat or strategic value.

	<u>Acres Acquired</u>	<u>Cost</u>
Large Parcels	635,770	\$343,300,000
Small Parcels	<u>9,066</u>	<u>22,100,000</u>
TOTALS	644,836	\$365,400,000

In March 2000 the Council directed the establishment of a small parcels pilot Habitat Acquisition Program to be administered by a private, non-profit organization. On January 16, 2001 the Trustee Council adopted a resolution that awarded a grant in the amount of \$1,000,000 to The Nature Conservancy and The Conservation Fund for the purpose of efficiently acquiring small parcels of lands to put into habitat protection. Originally scheduled to expire on September 30, 2002, the Trustee Council extended the grant for another year. This contract did expire on September 30, 2003.

Effective October 1, 2002 all habitat protection efforts (e.g., acquisitions, conservation easements, support costs, possible expansion of the grant) were funded with money in the Habitat Sub-Account of the EVOS Investment Fund. The Habitat Sub-Account was established in October 2002 with an initial deposit of \$25,200,000. The question of whether or not to operate the Sub-Account as an endowment, in which only investment earnings would be spent, or to continue to use the "spend-down" approach, in which principal could also be spent, has not yet been decided.

During the November 25, 2002 Council meeting, the Trustees approved TNC and TCF to move forward on an approved slate of properties with the understanding that they would come back to the Council with an acquisition package for the Council to act upon. This was done (see recap in my memo to you dated 1-19-04).

As of the date, March 1, 2004, there is \$29,400,000 in the Habitat Sub-Account. By previous Council action, \$10,450,000 of this was approved by resolution for the purchase of lands on northern Afognak Island. The Legislature approved of this purchase. It was subsequently vetoed by the Governor. I understand that there are ongoing negotiations between the Governor and the stakeholders to free up some of this money for a portion of the Afognak lands. Separating the \$10,450,000 until the question of the Afognak lands issue is settled, the Habitat Sub-account has a remaining balance of approximately \$17,900,000.

Exxon Valdez Oil Spill Trustee Council

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Memorandum

To: Gail Phillips
Executive Director

From: Paula Banks *PB*
Administrative Manager

Date: February 26, 2004

Re: Response to Memo to Trustee Council Dated February 20, 2004 Information on Small Parcels Agenda Item for March 1, 2004 meeting, and February 18, 2004 Remainder of 2004 Work Plan.

Small Parcel:

Item # 5

Authorizing the establishment of an endowment approach for the Habitat Sub Account would implement the Market Value (POMV) approach that would base the spending cap on 4.5% of the average fund balance at the end of September. According to Gary Bader our Financial Advisor, 4.5% is a fair percentage when using a POMV approach and is used commonly considering the current trends. Because we have only FY 03 to compare for the first out year, FY05 would be based on the end balance of the fund for FY 03 (September 31, 2004), FY 06 would be based on a 2 year comparison (FY03 & FY 04) and so on, up to FY 09 which would use a 4 year average for that year and future years. The figure \$17.9M (referred to in the memo) is how many dollars are remaining in the Habitat Sub-account if the \$10.5M set aside for Afognak is paid out. The percentage figure of \$1.2M was based on the total amount of the fund (\$28.4). Calculations should have been based on the fund balance, less anticipated obligations (Afognak - \$10.5M) resulting in 4.5% of the Market Value anticipated for end of FY03 equating to an anticipated total allocation of \$745,000 for Habitat protection and small parcel acquisitions for FY 05. The resolution for the proposed endowment approach allocation helps to inflation proof the Habitat Sub-account fund but does not limit the Trustee Council to expend more than the calculated amounts. It gives us a bench mark and stands as a reminder to say if you spend more than the 4.5% you are going over the inflation proofed percentages that you set in place.

Remainder 2004 Work Plan:

In response to your the Memo to the Trustee Council Dated February 18, 2003. Regarding the remaining 2004 work plan, the numbers in the memo on table #2 do not

reflect the EVOS operational budget in the out years (estimated \$1,592M for FY 05 & 06) or the adjustments for EVOS Operations (Project/040100), figures for the request of \$20.0 for TC travel for FY 04, nor does it give a clear view of the out years if all of projects recommended for funding or include the existing projects authorized in FY 04. The table below includes the projects authorized FY 04 for FY 04-06 including the EVOS operational budget. The table below gives a view through 2006.

	*FY 04	*FY 05	*FY 06
Current funds authorized (as of 2/9/04)	\$4,974.2	\$ 3,217.6	\$2,987.3
Deferred (March 1, 2004 if all projects considered are funded)	\$ 579.8	\$ 687.4	\$ 611.1
Project modifications Costs	\$ 18.8	\$ -	\$ -
New - Mid Term Requests	\$ 317.1	\$ 380.8	\$ -
Operational budget revision for TC Travel	\$ 20.0	\$ 20.0	\$ 20.0
Total obligation	\$5,909.9	\$ 4,305.8	\$3,618.4
Target allocation	\$5,000.0	\$ 5,000.0	\$4,200.0
Total deficit for FY 04 & Total remaining funds for future work plans	\$ (909.9)	\$ 694.2	\$ 581.6
*The FY 05 and 06 projected out year costs include Operational budgets equal to FY 04's \$1572.0			
FY 06 is an estimated allocation of \$4.2M is based on the 4.5% endowment approach outlined in the November 25, 2002 Resolution			

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: Gail Phillips
Executive Director, EVOSTC

FROM: Paula Banks *PB*
Administrative Manager, EVOSTC

DATE: February 20, 2004

RE: Information regarding the Habitat sub account

The consequence of moving the monies from the habitat protection sub-account into the larger restoration sub-account by completely merging the accounts would violate a condition of the Congressional approval granted in 1999 which allowed EVOS to manage funds outside of the Court Registry Investment System (CRIS). Public Law 106-113 requires that \$55 million (including the monies in the habitat sub-account and the Koniag sub-account) be "managed and allocated for habitat protection programs, including small parcel acquisitions." The consequence of that violation would be the loss of the opportunity to invest EVOS funds through the State of Alaska Department of Revenue. We would be required to return all EVOS investment funds to the CRIS. Current CRIS investment information shows we could expect a rate of return of 1% and a cost to maintain the account of 10.25%. Under this scenario, we would realize a net loss of 9.25%.

In October of 2002 we received the authority to invest our funds through the state with a fee rate that is based on the earnings and at a cost of slightly less than a 6th of a percent. Following the four year process to receive the authority, the actual transfer of EVOS funds coincided with the market taking an unprecedented plunge. Therefore, the fund took a few early hits, but is now gradually developing. Combining the restoration and habitat accounts at this time would require all EVOS funds to revert to CRIS where we could anticipate a substantial actual loss instead of taking advantage of the developing investment market we are currently in.

Dear Members of the EVOS Trustee Council, EVOS Staff and general public, 3/1/04

Thank you for the opportunity to address to you today.

I have been a member of the EXXON Valdez Oil Spill Trustee Council Public Advisory Group for the last 8 years representing Recreational Users. It has been an honor and privilege to serve my community of Kodiak and the interests of my constituency.

When the public was surveyed in the early 90's following the settlement, by far the majority favored spending the money on three things in the following order of priority: RESTORATION of the affected area and species, permanent HABITAT PROTECTION of some lands affected by the oil spill to permanently protect their natural resources, and SCIENTIFIC RESEARCH to study the effects of the oil on the injured species and ecosystem in the spill area. That was the clear public mandate and one which I sincerely hope you will honor as we move into the future.

The habitat protection program was implemented to acquire through purchase, private lands of significant ecological value affected by the oil spill. Many of these choice parcels are now public lands and managed for habitat protection of natural resources for the use and enjoyment of all Alaskans, tourists and future generations. This has been an enormously popular and foresighted program, especially the small parcel acquisition program which uses funds each year to buy parcels of land less than 1000 acres in the oil spilled area that are of particular recreational and/or ecological importance to coastal communities.

Two small parcels on Kodiak Island that were affected by the oil spill and nominated for the small parcel acquisition program in 1995 have high recreational and resource value to the people of Kodiak because they are accessible from our limited road system. These two parcels are TERMINATION POINT and LONG ISLAND. Both were affected by the oil spill and are covered with old growth Sitka Spruce forest that is home to bears, Marbled Murrelets, salmon, Northern Goshawk, deer, sea otters and countless other important living species not in the limelight of the charismatic mega fauna. The former trustees and EVOS staff evaluated these lands, recognized their ecological value, ranked them at the top of the list, and promised Kodiak that they would purchase them. Unfortunately, the owner of both parcels, Lesnoi Native Corporation, has been involved in on-going litigation with rancher Omar Strattman and the title hasn't been clear to make a purchase. I encourage you to continue pursuing the clearance of the title to these two valuable properties and I hope you will honor the wish of the former trustees and the people of Kodiak to purchase them and turn them over to the Kodiak State Parks system to manage for the benefit of future generations.

As you know, the former trustees have purchased many important large parcels in the Kodiak Archipelago over the last 10 years that are crucial for the permanent protection of ecosystems including old growth Sitka Spruce habitat that is home to brown bear, elk, salmon and many bird species affected by the oil spill. Through years of coordinated negotiations with local government, resource agencies, Native Corporations, local, state and national conservation groups, the EVOS Trustee Council has been working to protect prime habitat on North Afognak Island. We thank the former trustees deeply for the work that they have done and encourage the new trustees to continue use of the funds set aside for the small parcel habitat protection program for benefit of future generations.

Stacy Studebaker
P.O. Box 970
Kodiak, AK 99615

(907) 486-6498
tidepoolak@ak.net

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: Gail Phillips
Executive Director, EVOSTC

FROM: Paula Banks *PB*
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DATE: February 20, 2004

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DRAFT

Community Involvement Workshop
March 9-10, 2004
Seward City Library, Seward, Alaska

Tuesday, March 9

- 3:00pm Depart Anchorage via personal vehicle
Gail Phillips, Phil Mundy, Brenda Norcross, Brett Huber, Cherri Womac
- 5:00 Arrive Seward
- 6:00 Dinner with participants at Harbor Club (provided)

Wednesday, March 10 - Seward City Library

- 8:30am Welcome Gail Phillips
Introductions
- 8:45 Trustee Council goals for the workshop Drue Pearce
- 8:45 Brief History of Community Involvement/Subsistence
projects funded by the Trustee Council
- 9:00 Define Community: Tribal and other communities
- 9:15 Briefing on Science Plan/FY05 Invitation Categories Brett Huber
- 9:45 Proposal writing session Brenda Norcross
- noon Lunch (provided)
- 1:30pm Design structure to evaluate CI projects Phil Mundy
- 2:30 Establish criteria for Community Involvement guidelines
- review TEK protocols
- Depart Seward
- Arrive Anchorage