

13.08.01 – Reading File

July 1998

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

TO: Claudia Slater / ADFG

FROM: Molly McCammon
Executive Director

RE: Partial Authorization -- Project 98180 / Kenai Habitat Restoration and Recreation Enhancement

DATE: July 30, 1998

With the recent submittal to my office of letters of endorsement from the Kenai River Advisory Board and the Alaska Department of Fish and Game, along with a statement about the budget, the expenditure of project funds on the Centennial Park Angler Trail component of Project 98180/Kenai Habitat Restoration and Recreation Enhancement is now authorized. All work must be performed consistent with the Detailed Project Description and the Chief Scientist's review memorandum (dated July 28, 1997 to Molly McCammon).

cc: Mark Kuwada/ADFG

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

TO: Ken Holbrook / USFS

FROM: Molly McCammon
Executive Director

RE: Partial Authorization -- Project 98180 / Kenai Habitat Restoration and Recreation Enhancement

DATE: July 30, 1998

With the submittal to my office today of letters of endorsement from the Kenai River Advisory Board and the Alaska Department of Fish and Game, along with a detailed budget, the expenditure of project funds on the Russian River: Phase II component of Project 98180/Kenai Habitat Restoration and Recreation Enhancement is now authorized. All work must be performed consistent with the Detailed Project Description and the Chief Scientist's review memorandum (dated July 28, 1997 to Molly McCammon).

cc: Claudia Slater/ADFG

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 28, 1998

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510-0201

Dear Senator Stevens:

The purpose of this letter is to encourage your assistance with efforts to enact legislation through Congress that will enable the *Exxon Valdez* Oil Spill Trustee Council to minimize management fees and maximize net returns on the civil settlement funds.

As members of the Public Advisory Group, we have long recognized the need to secure legislative changes that would permit settlement funds to be withdrawn from the Court Registry Investment System and invested in a manner that will provide higher returns than is presently possible. Further, investing the settlement funds outside of the Court System should substantially reduce fees thus also allowing for more productive use of settlement funds for restoration purposes. As you know, action is needed by Congress to achieve this goal and the PAG strongly encourages your support of this effort.

Trustee Council staff, with support from the PAG, has been working on this issue for some time and we are hopeful that authorizing legislation will soon be enacted. At the same time, we are aware that there is a wide spectrum of views regarding how civil settlement funds should be used. Over several years, the PAG itself has struggled with this same issue. As representatives of diverse interests, we often find that our priorities differ when it comes to restoration funding decisions. However, we feel that the process established under the settlement has been a fair one that allows for a healthy debate and balanced decision making.

Please know that the PAG considers obtaining legislative authority to move funds out of the Court System in order to enhance returns and reduce fees as an essential priority. As you further consider this issue, we are hopeful that you will be able to work with the Trustee Council and its staff to come to common agreement regarding language in the authorizing legislation that will be acceptable to all parties while maintaining the integrity of the settlement and continued public involvement in the decision-making process.

Thank you for your consideration of this matter.

Sincerely,

Rupert Andrews, Chair
Public Advisory Group
Exxon Valdez Oil Spill Trustee Council

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 28, 1998

The Honorable Frank H. Murkowski
United States Senate
706 Hart Building
Washington, D.C. 20510-0202

Dear Senator Murkowski:

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As members of the Public Advisory Group, we have long recognized the need to secure legislative changes that would permit settlement funds to be withdrawn from the Court Registry Investment System and invested in a manner that will provide higher returns than is presently possible. Further, investing the settlement funds outside of the Court System should substantially reduce fees thus also allowing for more productive use of settlement funds for restoration purposes. As you know, action is needed by Congress to achieve this goal and the PAG strongly encourages your support of this effort.

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Sincerely,

Rupert Andrews, Chair
Public Advisory Group
Exxon Valdez Oil Spill Trustee Council

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 28, 1998

The Honorable Donald E. Young
United States Congress
2111 Rayburn Building
Washington, D.C. 20515-0201

Dear Congressman Young:

The purpose of this letter is to encourage your assistance with efforts to enact legislation through Congress that will enable the *Exxon Valdez* Oil Spill Trustee Council to minimize management fees and maximize net returns on the civil settlement funds.

As members of the Public Advisory Group, we have long recognized the need to secure legislative changes that would permit settlement funds to be withdrawn from the Court Registry Investment System and invested in a manner that will provide higher returns than is presently possible. Further, investing the settlement funds outside of the Court System should substantially reduce fees thus also allowing for more productive use of settlement funds for restoration purposes. As you know, action is needed by Congress to achieve this goal and the PAG strongly encourages your support of this effort.

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Thank you for your consideration of this matter.

Sincerely,

Rupert Andrews, Chair
Public Advisory Group
Exxon Valdez Oil Spill Trustee Council

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

TO: Agency Liaisons
FROM: Molly McGammon
DATE: July 27, 1998
RE: Fiscal Year 1999 Project Management

As you are aware, the Trustee Council has adopted a declining schedule of expenditures through the year 2002. This means that the amount of money available to fund research, monitoring and general restoration activities is declining (from \$14 million in FY 98 to \$10 -12 million in FY 99), as is the amount of money available to support project management costs.

Each agency was asked to review the Executive Director's preliminary recommendation for Fiscal Year 1999 and submit a project management budget consistent with the reduced work plan. The target for project management was estimated at between \$400,000 to \$480,000.

As with past years, it is anticipated that the 1999 work plan will be approved at two separate meetings. The Trustee Council is expected to take action on those projects in the "fund" and "fund contingent" categories in August. However, the total 1999 work plan will not be finalized until December when a decision is made on whether or not to fund those projects in the "defer" category. Rather than wait till the work plan is finalized, or recommend approval of only a portion of the project management budget and defer the balance, the attached preliminary recommendation for project management was developed.

The budget forms have been modified to incorporate the 1998 approved budget (funding and months), each agency's proposal for Fiscal Year 1999 and my preliminary recommendation for Fiscal Year 1999. For Fiscal Year 1998, the Trustee Council approved \$560,100 for project management. The total agency request for Fiscal Year 1999 equals \$503,800. In keeping with the reduced work plan, my preliminary recommendation is \$447,400 for project management.

The level of project management required by each agency is as varied as the types of projects being implemented by each agency. Certain projects require substantially more support. Examples are ecosystem projects that involve multiple agencies or projects that are being implemented by third party contractors. Other projects require

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only minimal support. In developing my preliminary recommendation, the level of funding and the types of projects being implemented by each agency have been taken into account. This recommendation also takes into account that each agency receives six months funding for a Liaison (99100) who assists in the management of the projects. The following is a brief discussion of my preliminary recommendation.

Alaska Department of Environmental Conservation

Consistent with the Fiscal Year 1999 request, the total amount recommended is zero. The Liaison will manage all ADEC projects.

Alaska Department of Fish and Game

The Department of Fish and Game is responsible for implementing nearly half of the projects funded by the Trustee Council. In addition, the department is responsible for the Sound Ecosystem Assessment (SEA) project. Consistent with the Fiscal Year 1999 request, my preliminary recommendation continues to fund two full-time project managers. In addition, six months funding has been included to support a part-time Librarian. This reduction in the Librarian's funding from the agency's request reflects the fact that the backlog of ADF&G reports is now substantially caught up.

Alaska Department of Natural Resources

Consistent with the budget approved for 1998, my preliminary recommendation includes three months funding to support project management activities.

United States Forest Service

In light of the reduced work plan and the number of potential Forest Service projects, my preliminary recommendation includes three months funding to support project management activities. In reviewing NEPA needs for Fiscal Year 1999, one major environmental assessment may be required if the Port Graham Hatchery (99405) project is funded. If needed, NEPA costs should be included in the budget for that project.

United States Department of the Interior

The Department of the Interior is responsible for the Nearshore Vertebrate Predator (NVP) project. The Department of the Interior requested funding to support two part-time project managers. The request for project management appears to be consistent with the reduced work plan. As such, the preliminary recommendation is to fund the project management budget as proposed.

National Oceanic and Atmospheric Administration

NOAA is responsible for implementing nearly a quarter of the projects funded by the Trustee Council, with a large percentage of the projects implemented by third party contractors under the Broad Agency Announcement (BAA). NOAA is also responsible for the Alaska Predator Ecosystem Experiment (APEX) project. The request includes funding to support four part-time project managers for a total of fifteen months. In light of the reduced work plan, my preliminary recommendation is to reduce project management to fourteen months.

I recognize that my preliminary recommendation for project management represents a substantial reduction from the Fiscal Year 1998 authorized level of funding. I appreciate your assistance as we continue to reduce the restoration program and encourage you to call me if you have any questions or concerns or wish to discuss further.

attachments

1999 EXXON VALDEZ TRUST COUNCIL PROJECT BUDGET

October 1, 1998 - September 30, 1999

Budget Category:	Authorized FY 1998	Agency Proposed	Proposed FY 1999	PROPOSED FY 1999 TRUSTEE AGENCIES TOTALS					
				ADEC	ADF&G	ADNR	USFS	DOI	NOAA
				\$0.0	\$232.2	\$25.5	\$22.4	\$72.5	\$94.8
Personnel	\$487.0	\$438.0	\$389.0						
Travel	\$0.0	\$0.0	\$0.0						
Contractual	\$0.0	\$0.0	\$0.0						
Commodities	\$0.0	\$0.0	\$0.0						
Equipment	\$0.0	\$0.0	\$0.0						
Subtotal	\$487.0	\$438.0	\$389.0	LONG RANGE FUNDING REQUIREMENTS					
General Administration	\$73.1	\$65.8	\$58.4		Estimated FY 2000	Estimated FY 2001	Estimated FY 2002		
Project Total	\$560.1	\$503.8	\$447.4		TBD	TBD	TBD		
Full-time Equivalents (FTE)	6.1	5.8	5.2						
Comments:									

1999

Project Number: 99250
 Project Title: Project Management
 Lead Agency:

**FORM 2A
 MULTI-TRUSTEE
 AGENCY
 SUMMARY**

October 1, 1998 - September 30, 1999

1999

FORM 3A
PROJECT
MANAGEMENT

October 1, 1998 - September 30, 1999

1999

FORM 3A
PROJECT
MANAGEMENT

October 1, 1998 - September 30, 1999

Budget Category:	Authorized FY 1998	Agency Proposed	Proposed FY 1999						
Personnel	\$21.6	\$37.2	\$22.2						
Travel									
Contractual									
Commodities									
Equipment				LONG RANGE FUNDING REQUIREMENTS					
Subtotal	\$21.6	\$37.2	\$22.2		Estimated FY 2000	Estimated FY 2001	Estimated FY 2002		
General Administration	\$3.2	\$5.6	\$3.3						
Project Total	\$24.8	\$42.8	\$25.5		TBD	TBD	TBD		
Full-time Equivalents (FTE)	0.3	0.4	0.3						
			FY 1998	FY 1999	Proposed FY 1999				
Personnel Costs:			Months	Agency	GS/Range/	Months	Monthly		Proposed
Name	Position Description	Budgeted	Request	Step	Budgeted	Costs	Overtime	FY 1999	
TBD	Natural Res. Manager II	3.0	4.0	20	3.0	7,400		0.0	
Judy Bittner	Chief, History/Archaeology	0.0	1.0	21	0.0	7,600		22.2	
								0.0	
								0.0	
								0.0	
								0.0	
								0.0	
								0.0	
								0.0	
								0.0	
								0.0	
Subtotal		3.0	5.0		3.0	15,000	0.0	\$22.2	

1999

Project Number: 99250
Project Title: Project Management
Agency: Alaska Department of Natural Resources

FORM 3A
PROJECT
MANAGEMENT

October 1, 1998 - September 30, 1999

1999

**FORM 3A
PROJECT
MANAGEMENT**

October 1, 1998 - September 30, 1999

1999

FORM 3A
PROJECT
MANAGEMENT

1999 EXXON VALDEZ TRUST COUNCIL PROJECT BUDGET

October 1, 1998 - September 30, 1999

Budget Category:	Authorized FY 1998	Agency Proposed	Proposed FY 1999						
Personnel Travel Contractual Commodities Equipment Subtotal General Administration Project Total				LONG RANGE FUNDING REQUIREMENTS					
	\$124.4	\$85.2	\$82.4						
					Estimated FY 2000	Estimated FY 2001	Estimated FY 2002		
					TBD	TBD	TBD		
Full-time Equivalents (FTE)	1.3	1.3	1.2						
			FY 1998	FY 1999	Proposed FY 1999				
Personnel Costs:			Months	Agency	GS/Range/	Months	Monthly		Proposed
Name	Position Description	Budgeted	Request	Step	Budgeted	Costs	Overtime	FY 1999	
B. Morris	Project Manager	4.0						0.0	
B. Wright	Project Manager	12.0	6.0	GS-13	6.0	8,400		50.4	
M. Lindeberg	Fisheries Biologist		4.0	GS- 9	0.0	4,200		0.0	
J. Lum	Fisheries Biologist		3.0	GS- 9	0.0	4,000		0.0	
L. Hulbert	Fisheries Biologist		2.0	GS- 7	0.0	3,000		0.0	
TBD	Fisheries Biologist		0.0	GS- 9	8.0	4,000		32.0	
								0.0	
								0.0	
								0.0	
Subtotal			16.0	15.0		14.0	23,600	0.0	\$82.4

1999

Project Number: 99250
 Project Title: Project Management
 Agency: National Oceanic and Atmospheric Administration

**FORM 3A
 PROJECT
 MANAGEMENT**


Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Nadeem Siddiqui
Alaska Department of Environmental Conservation

FROM: Eric F. Myers 
Director of Operations

DATE: July 27, 1998

SUBJ: SCAT Database Files

Attached you will find a disk with several electronic files that Jeff Lawrence has located on the Restoration Office server that may possibly respond to the request by Mr. Marco Radonich for information concerning the Shoreline Cleanup Assessment Team (SCAT) database.

As you are aware, Ward Lane maintained these files when he was employed by the Alaska Department of Environmental Conservation in the early 1990's. Mr. Lane resigned from the restoration program in late 1995 and, prior to the recent inquiry concerning these files, personnel in the Restoration Office were not aware of their existence. Accordingly, we have no ability to attest to the completeness or accuracy of the file contents. At this point we do not even have software to open the files.

Since you have more familiarity with the files in question, I have asked Jeff Lawrence to furnish you with the enclosed disk so that you can determine whether they are responsive to the information request.

enclosure

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Trustee Council members

FROM: Molly Moorman 
Executive Director

DATE: July 24, 1998

SUBJ: Upcoming Events

The purpose of this memorandum is to draw your attention to two upcoming restoration program events that may be of interest to you or members of your staff.

Public Meeting on the Draft FY 99 Work Plan. On Monday, July 27 at 7:00 pm there will be a Public Hearing on the Draft FY 99 Work Plan at the Restoration Office (645 G Street). This meeting will provide members of the general public the opportunity to comment on the draft recommendations published in June.

Public Advisory Group meeting. The following day on Tuesday, July 28 at 8:30 am, the Public Advisory Group will meet at the Restoration Office. The PAG will review the Draft FY 99 Work Plan recommendations as well as continue discussion on the future use of the Restoration Reserve. Although I was not present at the Trustee Council meeting on June 8th, I noted that the transcript reflects a keen interest by Council members in the PAG consideration of the Restoration Reserve and Deborah Williams has expressed an interest in attending the PAG to present information regarding future habitat protection opportunities. For your reference, I have enclosed both an agenda for the PAG meeting together with a working draft summary of the PAG discussions on the Restoration Reserve.

Please let me know if you would like additional information or would like to participate in the meetings.

attachments

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AGENDA



DRAFT

Exxon Valdez Oil Spill Trustee Council
Public Advisory Group
Fourth floor conference room
645 G Street, Anchorage, Alaska

Monday, July 27, 1998 7:00 PM: Public Meeting on Draft FY 99 Work Plan
Tuesday, July 28, 1998 8:30 AM: Public Advisory Group Meeting

DRAFT

DRAFT
7/21/98

PURPOSE:

1. Develop recommendations on FY 99 Work Plan.
2. Discuss Restoration Reserve.

Monday

7:00 PM	Public hearing on Fiscal Year 1999 Work Plan hosted by the Trustee Council and Public Advisory Group	Molly McCammon, Executive Director Rupert Andrews, Chair
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Tuesday

8:30 AM	Welcome/roll call Approval of June 1-2, 1998 Meeting Summary	Rupert Andrews, Chair
8:45	Executive Director's Report	Molly McCammon, Executive Director
9:00	Public Comment	
9:30	Discussion/Recommendation FY 99 Work Plan	Dr. Robert Spies, Chief Scientist Stan Senner, Science Coordinator

ACTION ITEM: Motion on Fiscal Year 1999 Work Plan Recommendation

12:00 PM	lunch on your own
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DRAFT

1:30	Restoration Reserve	Molly McCammon Veronica Christman, ADNR Natural Resource Manager
4:30	Discuss Seward/Kenai River field trip Closing comments by Public Advisory Group members	
5:00	Adjourn	

Exxon Valdez Oil Spill Trustee Council Public Advisory Group**Summary Of Areas Of Agreement re. Restoration Reserve**

Outlined below is a record of conclusions reached by the PAG at their meeting June 1-2, 1998 regarding the structure of the planned \$150,000,000 Restoration Reserve. We use this as a starting point open to further refinement. This summary was supported by all PAG members participating, except as noted below. The PAG also has ideas regarding specific implementation policies (e.g., specific information and education programs). These more detailed topics will be discussed and recorded at the July PAG meeting.

Overriding Goal

1. stewardship - long term, sustainable health of spill area ecosystems
2. restoration - restoration, replacement, enhancement of injured resources and services

(Mission statement: your speech here..."sustain the health of this achingly beautiful, vital piece of the planet; seize the unique opportunity to make spill area one of the few places in north America where people are figuring out a way to live in and actively use a rich, complex coastal ecosystem without incrementally erasing it's life and wonder..." "...a legacy of knowledge and concern passed on to the next generation...")

Means to Goal**A. Science/Research**

Objectives: Develop an integrated research and monitoring program that provides ecological information to help solve current and long-term resource management issues. "Basic" and "applied" research are tightly linked - basic research provides the foundation for applied research that addresses management needs.

- Basic Research - continue to fund research and monitoring to better understand regional ecosystems (how they work, how they are changing, what sustains and what undermines their health)
- Applied Research/Dissemination - guide research process so agencies, land owners and the public can make better decisions, on use and sustainable management of spill area land and marine resources. Design and present research results to provide information relevant to issues affecting health of spill-area ecosystems; e.g., decisions regarding infrastructure, fish and game management, land use planning.

Specifics: research process, specific research topics, etc. - discuss at next meeting.

B. Education/Information

Objective: Improve public understanding of research process, findings and significance.

Work to enhance public understanding, to increase public curiosity and concern about spill area ecosystems - how they work, impacts of the spill, solved and unsolved eco-mysteries, and the importance and role of science in decision-making. Carry out a broad range of education, outreach programs to support this objective, working to leverage restoration funds through partnerships with established organizations such as schools and museums.

Specifics: Discuss details at next meeting: in general build from established successes - in particular - presentations by researchers, community involvement, school/kids programs, programs like public radio spots that tell stories to broad audience in lay terms. Make education and information an established category for restoration and funding.

C. Community Projects

Objectives: Do a better job in making local residents and communities partners in the mission and activities of the restoration process. Give residents a more active role in research, monitoring, education and interpretation and stewardship. Create incentives for researchers to find ways to take advantage of local knowledge, local resources. Give spill area residents the tools needed - through training and education - to take on a progressively larger share of continuing research, education and management. Examples of projects that already or in the future could meet these objectives include:

- establish science coordinators in school systems, to work as a liaison between researchers and schools (both for children, adults)
- provide scholarships to spill area residents so they're better equipped to do research, linked to summer work programs
- develop system of facilities, programs in the spill area to share ongoing-research results
- hire locals, local equipment for long term monitoring
- support site-specific restoration projects (e.g., restoring damaged habitats, developing alternative methods of earning a living while maintaining health of ecosystems)

Issues: Should the restoration process be a jobs/economic development program? *Possible*

answer: Not directly - bottom line is high quality science. However, preference should be given to well-designed research projects that best involve spill area residents and resources.

D. Land Acquisition

Summary: Use a portion of the Reserve funds to establish a habitat protection program to support future acquisition of land and interests in land. The objective should be protection of buffer terrestrial lands immediately adjacent to aquatic environments. There should be no arbitrary limit on parcel size, but the focus should be on smaller parcels - the jewels - strategically located along streams, tidelands, or isolated within larger parcels previously acquired with EVOS funds.

Option for Structure/Governance: Endow a non-profit trust whose mission is ongoing land acquisition. Establish a new entity or work with an established trust. Acquire lands through fee-simple purchase, conservation easements, gifts, etc. Work actively to expand the trust's resources; e.g., using grants, gifts, partnerships.

Funding level: PAG views on the funding are mixed, however, the large majority of PAG members recommend devoting less than a third of the reserve to this purpose. One criteria for reaching this decision is finding a level of spending that does not jeopardize the three objectives listed above (science, information, community projects). Specific recommendations are outlined below:

Rupert Andrews	10-15%	Chip Dennerlein	50%	Stacy Studebaker	50%
Torie Baker		Eleanor Huffines	30%	Charles Totemoff	10%
Chris Beck	15%	Jim King	10-15%	Howard Valley	
Pamela Brodie	75%	Chuck Meacham	10%	Nancy Yeaton	
Sherri Buretta	5%	Mary McBurney	20%	Senator Leman	10%
Dave Cobb	20%	Brenda Schwantes	0%	Rep Hodgins	

E. Governance: Discussion begun, need more time to explore issues and reach recommendations. Take up at next meeting with a subcommittee.

F. Timeframe:

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



FAX COVER SHEET

TO TRUSTEE COUNCIL MEMBERS AND ALTERNATES:

Botelho, Bruce
Brown, Michele
Bosworth, Rob
Hines, Bill
Jim Caplan

Pennoyer, Steve
Rue, Frank
Tillery, Craig
Williams, Deborah
Wolfe, Jim

FAXED

FROM:

Eric Myers

DATE:

July 24, 1998

TOTAL PAGES:

7

Memo from Molly

PAG mtg agenda

Summary of Areas of Agreement
re: Restoration Reserve

HARD COPY TO FOLLOW

NO

FAX SENT BY:

Theresa

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National Oceanic and Atmospheric Administration

State Trustees

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Alaska Department of Environmental Conservation
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S.PENNOYER

[29] 19074652332

FRANK RUE

[31] 19074655070

BROWN

[36] 2787022

ALEX-CRAIG

[37] 2714102

D.WILLIAMS

ERROR

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 23, 1998

Mary Jo Evans
Daniel J. Lawn
E L 2 Enterprises, Inc.
PO Box 277
Valdez, Alaska 99686

Dear Ms. Evans and Mr. Lawn:

The purpose of this letter is to provide you with confirmation that the Trustee Council has received your nomination under the Small Parcel Habitat Protection Program and to advise you of the status of your parcel.

As you are perhaps aware, over 300 small parcel nominations have been submitted to the Trustee Council for consideration through the Small Parcel Program. Upon receipt of a parcel nomination and a determination that the nomination meets all threshold criteria, the nominated parcel is evaluated for its specific restoration value. As a result of the review and evaluation of nominated parcels to date, the Trustee Council has identified approximately 60 parcels of especially significant value to the protection and restoration of the biological resources and human services injured by the *Exxon Valdez* oil spill. Current acquisition efforts are focused on these priority parcels.

Although the parcel you have nominated, PWS-1081, has not been identified as a priority parcel at this point, the Trustee Council is maintaining files on all parcels nominated and may give further consideration to parcels as new or additional information becomes available.

If you have questions about the Small Parcel Program, please contact Eric Myers in the Restoration Office.

Sincerely,

Molly McCammon
Executive Director

EM/ty

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 22, 1998

Dr. James E. Seeb
Commercial Fisheries, Management and Development Division
Alaska Department of Fish and Game
333 Raspberry Road
Anchorage, Alaska 99518

Dear Jim:

Thank you for your letter of July 14 in regard to the draft FY 99 work plan. I am responding to your letter now in the hope that we can make progress on some of these issues in advance of next week's meetings of the Public Advisory Group and the Restoration Work Force on July 28 and 29, respectively.

Thank you and others in the Commercial Fisheries, Management and Development Division for improving the process by which proposals were submitted for the FY 99 work plan. This new, coordinated approach is clearly better than the assortment of *ad hoc* proposals received in the past, and I appreciate the fact that you kept the Trustee Council staff informed about your process and that you asked for feedback on the subjects of your proposals. The suite of projects submitted by CFMD was consistent with the informal guidance you received from Trustee Council staff and responsive to the *Invitation to Submit Restoration Proposals for Federal Fiscal Year 1999*. However, Trustee agencies must compete for funds as do all proposers, and the ultimate success or failure of any individual proposal is a function of its scientific merit, contribution to restoration objectives, priority relative to other proposals, and the availability of funds. The purpose of the draft recommendations on the FY 99 work plan is to allow for give and take on these matters, and my staff and I will continue to work with you to develop a suite of projects that advance the Trustee Council's restoration program, including improved management of the injured resources for which ADFG is responsible. To this end, here are my further responses to the projects referenced in your letter and others that relate to CFMD.

Project 99378. Work on herring population ecology and biomass, including in areas outside Prince William Sound, continues to be a priority, and I am disappointed by the decision not to pursue objectives 1 and 2. You indicate that there is "inadequate funding for project staff," but you do not describe what additional funding is required. Please elaborate.

Project 99188. I will recommend funding the closeout of the otolith project at the higher level (\$185.2), contingent on review and approval of a revised, detailed budget.

Project 99367. Publication of prior results continues to be important for the Trustee Council. My preliminary recommendation was to fund a revised project that would produce two or three manuscripts specifically related to pink salmon straying, but in your revised DPD you propose to produce five manuscripts, only one of them on straying, at more than double the original budget (\$112.6 vs. \$53.2). I am not willing to recommend that the Trustees fund this project at a level higher than the original request, \$53.2, and I have concerns about the mechanics of the proposal (e.g., the need to pay American Fisheries Society for editorial services) and the topics of the proposed manuscripts. Let's discuss this proposal further.

Project 99366. It is important to develop new technologies that improve the efficiency of restoration and management efforts. Thus, I am prepared to recommend funding the video escapement monitoring, provided that the Chief Scientist is satisfied with the experimental design for comparing the results of video versus weir monitoring.

In addition to the above projects that were mentioned in your letter, I need to raise the following:

Project 99191A. I recommended funding this project with several contingencies, one of which was a discussion of the 1997 egg mortality results in the DPD. Given that the report containing the 1997 data is not drafted, I understand the reluctance to fully discuss this topic in the DPD. However, it is no secret that the 1997 results may complicate interpretation of the prior results, and, to avoid the impression that ADFG and the Trustee Council are somehow trying to withhold this information, I must insist on a revised DPD with at least brief mention of the results through 1997.

Project 99252. Thank you for submission of a revised DPD and budget at the requested level (\$200.0). The Chief Scientist has not yet completed his review of the revised DPD. We can discuss this further as needed.

Project 99329. I am unclear about ADFG's role in the synthesis of results of the toxicological work on pink salmon. The revised budget from Auke Bay Lab indicates that there is no participation by ADFG. This toxicological work on pink salmon is central to the entire EVOS program, and I think any effort to synthesize this work will benefit from ADFG's participation. Please reconsider this decision and let me know if there are particular problems of which I should be aware.

Project 99401. Finally, I understand that ADFG has no interest in participating, even at a limited level, in a spot shrimp project in Prince William Sound. I appreciate that there is concern about overextending the CFMD staff during a time of declining resources. However, I would like to continue to explore ways that a useful, cooperative project can be carried out with participation by ADFG. Although spot shrimp are not an injured resource, this project potentially could

contribute to the restoration of two lost or reduced services--subsistence and commercial fishing --and this is a good reason for continued interest on the part of the Trustee Council and ADFG, the responsible management agency.

Thank you again for vastly improving the process for submission of EVOS proposals from the CFMD staff. The department has played a pivotal role in the EVOS program since 1989, and my staff and I would be happy to meet as needed to continue the dialogue on the FY 99 work plan and on any larger or longer-term issues which you may want to raise. We should attempt to resolve any work plan issues this week or on Monday (27th), at the latest. Thank you.

Sincerely,

A handwritten signature in black ink, reading "Molly McCammon". The signature is fluid and cursive, with the first name "Molly" and last name "McCammon" clearly distinguishable.

Molly McCammon
Executive Director

cc: Frank Rue
Robert Clasby
Claudia Slater
Robert Spies
Stan Senner

SS/pb

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



FAX COVER SHEET

To: Jim Seeb & CC list Number: 267-2442

From: Molly McCammon Date: July 22, 1998

Comments: _____ Total Pages: 4

Please deliver to CC list:

Frank Rue

Robert Clasby

Claudia Slater

Robert Spies

AX CO 12/2/98

HARD COPY TO FOLLOW ~~YES~~ NO

Document Sent By: Tami

3/27/96

07/22/98

12:25

907 276 7178

EV Restoration

001

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO. 1900

CONNECTION TEL

2672442

J. Seeb

CONNECTION ID

ANCHORAGE COMM.

START TIME

07/22 12:23

USAGE TIME

02'12

PAGES

4

RESULT

OK

hard copy mailed 7/22

*** MULTI TRANSACTION REPORT ***

TX/RX NO.

1901

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TRANSACTION OK

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[29] 19074652332

[35] 19253737834

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SULLIVAN-SLATER

FRANK RUE

B. SPIES

R. clasby

ERROR

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

TO: Public Advisory Group

FROM: Molly McCammon
Executive Director

DATE: July 22, 1998

SUBJECT: Draft Agenda for July 27-28 Public Hearing and PAG Meeting

Enclosed please find a draft agenda for the next Public Advisory Group meeting scheduled for July 28, 1998 starting at 8:30 a.m. You will note the agenda also references the Public Meeting on the Draft FY 99 Work Plan which is scheduled for the previous evening, Monday, July 27, 1998 at 7:00 p.m. Both the public hearing and the PAG meeting will be held at the Restoration Office.

FY 99 Work Plan - Executive Director Recommendations. A spreadsheet with the proposed Executive Director's recommendations will be provided at the PAG meeting on Tuesday, July 28. The schedule is very tight this year and we will be working on these recommendations right up to the meeting. As we review the recommendations with the PAG, we will highlight significant changes since you last reviewed the projects as well as specifically discuss the projects and issues raised by the PAG at the June 1-2 meeting.

Summary of Public Comments concerning the Restoration Reserve. The Restoration Office continues to receive a number of public comments on the Restoration Reserve. An updated summary of public comments, taking into consideration those comments received since the last meeting, will be provided to the PAG at the July 28 meeting.

I look forward to seeing you next week. If you have any questions, please call me or contact Cherri Womac.

attachment

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Exxon Valdez Oil Spill Trustee Council

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AGENDA



DRAFT

*Exxon Valdez Oil Spill Trustee Council
Public Advisory Group
Fourth floor conference room
645 G Street, Anchorage, Alaska*

Monday, July 27, 1998 7:00 PM: Public Meeting on Draft FY 99 Work Plan
Tuesday, July 28, 1998 8:30 AM: Public Advisory Group Meeting

DRAFT

DRAFT

7/21/98

PURPOSE:

1. Develop recommendations on FY 99 Work Plan.
2. Discuss Restoration Reserve.

Monday

7:00 PM	Public hearing on Fiscal Year 1999 Work Plan hosted by the Trustee Council and Public Advisory Group	Molly McCammon, Executive Director Rupert Andrews, Chair
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Tuesday

8:30 AM	Welcome/roll call Approval of June 1-2, 1998 Meeting Summary	Rupert Andrews, Chair
8:45	Executive Director's Report	Molly McCammon, Executive Director
9:00	Public Comment	
9:30	Discussion/Recommendation FY 99 Work Plan	Dr. Robert Spies, Chief Scientist Stan Senner, Science Coordinator

ACTION ITEM: Motion on Fiscal Year 1999 Work Plan Recommendation

12:00 PM lunch on your own

DRAFT

1:30

Restoration Reserve

Molly McCammon
Veronica Christman, ADNR
Natural Resource Manager

4:30

Discuss Seward/Kenai River field trip
Closing comments by Public Advisory Group members

5:00

Adjourn



Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178

July 20, 1998

Mr. Joseph Henri, President
South Central Timber Development, Inc.
255 East Fireweed Lane - Suite 104
Anchorage, Alaska 99503

Dear Mr. Henri:

I wanted to acknowledge the receipt of your letter concerning your land near Katalla (U.S.S. 930).

Under the terms of the court-approved settlement administered by the Trustee Council, funds must be used for the restoration of resources and services injured by the *Exxon Valdez* oil spill. The Trustee Council undertook an extensive planning process over the course of several years to develop the *Restoration Plan* that was adopted in 1994, including preparation of a full Environmental Impact Statement (EIS). As indicated by your letter, it appears that you are aware that your land is outside of the spill area boundaries as defined by the *Restoration Plan*.

To date, the Trustee Council has not authorized the purchase of any lands outside the spill area and, notwithstanding press accounts that may have suggested otherwise, there are no plans at this point to expand the spill area boundaries. As an individual agency apart from the Trustee Council and the principal public land manager for the region, however, the U.S. Forest Service might possibly have some interest in learning more about your parcel. I will forward a copy to them.

Thank you for your interest in the restoration program. If I can provide any additional information, please call me or Eric Myers in the Restoration Office.

Sincerely,

Molly McCammon
Executive Director

cc: Jim Wolfe

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South-Central Timber Development, Inc.

3 June 1998

Fax No. 276-7178

Ms. Molly McCammon, Executive Director
Exxon Valdez Oil Spill Trustee Council
645 G Street, Suite 401
Anchorage, Alaska 99501

Dear Ms. McCammon:

We own U.S.S. 930, a 160 acre tract of land on the sea coast at Pt. Martin, near Katalla, Alaska. Our title includes the mineral rights, and a certain unspecified amount of accreted land.

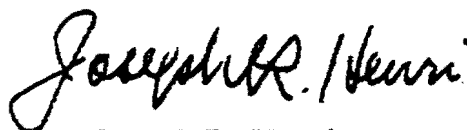
Reading the *Anchorage Daily News* of 1 June, I noted that this land of ours would be in the ambit of an oil spill from Valdez Narrows. I am also told it is possible that the Trustee Council may extend its area of interest to Controller Bay and the Bering River. If that is so, we would be interested in selling our acreage to the Council.

Looking at our parcel from the vantage point of the Martin Islands, immediately seaward, the west side has a great palisade of rock rising perhaps 50 or 60 feet straight up, with the beach lying in front of it. On the easterly side, it contains a salmon stream running the whole length of the property which has several of the Pacific salmon species, including pinks and cohos, as well as cutthroats and dollies. We cannot say whether the palisades house bird nests.

This land was the scene of two ocean railroad termini, for access to Kennecott, later abandoned in favor of the more protected harbor at Cordova. It seems certain that it was from this point that Sidney Lawrence painted "Cape St. Elias," the southerly tip of Kayak Island. Some picture and plat details are enclosed for your information.

If you have an interest in our land, we would be glad to oblige your information requests.

Sincerely yours,



Joseph R. Henri
President

IRH/df

255 EAST FIREWEED LANE
SUITE 104

ANCHORAGE, ALASKA 99503

TELEPHONE: (907) 279-1493
FAX: (907) 279-4785

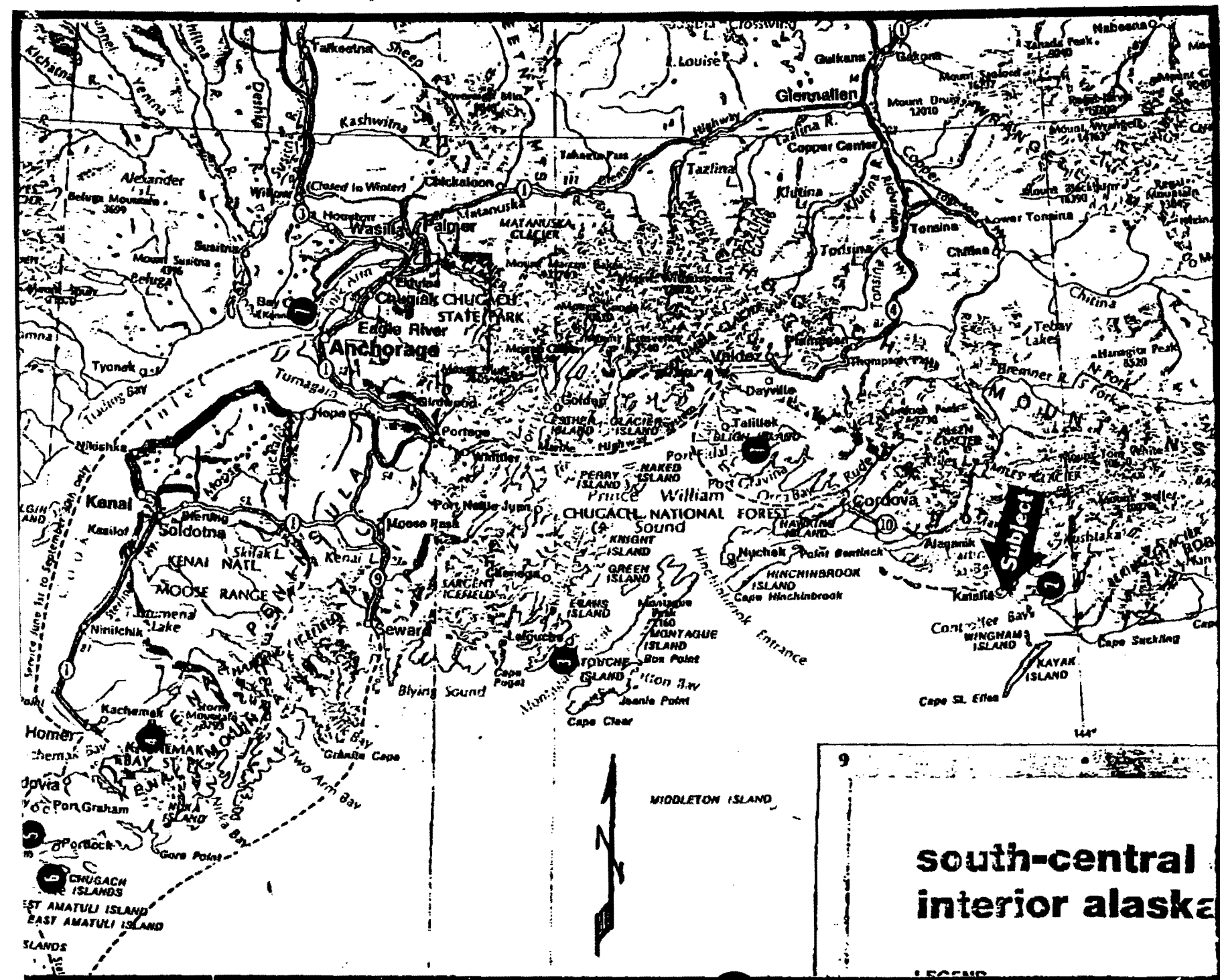
AERIAL PHOTOGRAPHS
Taken in 1974

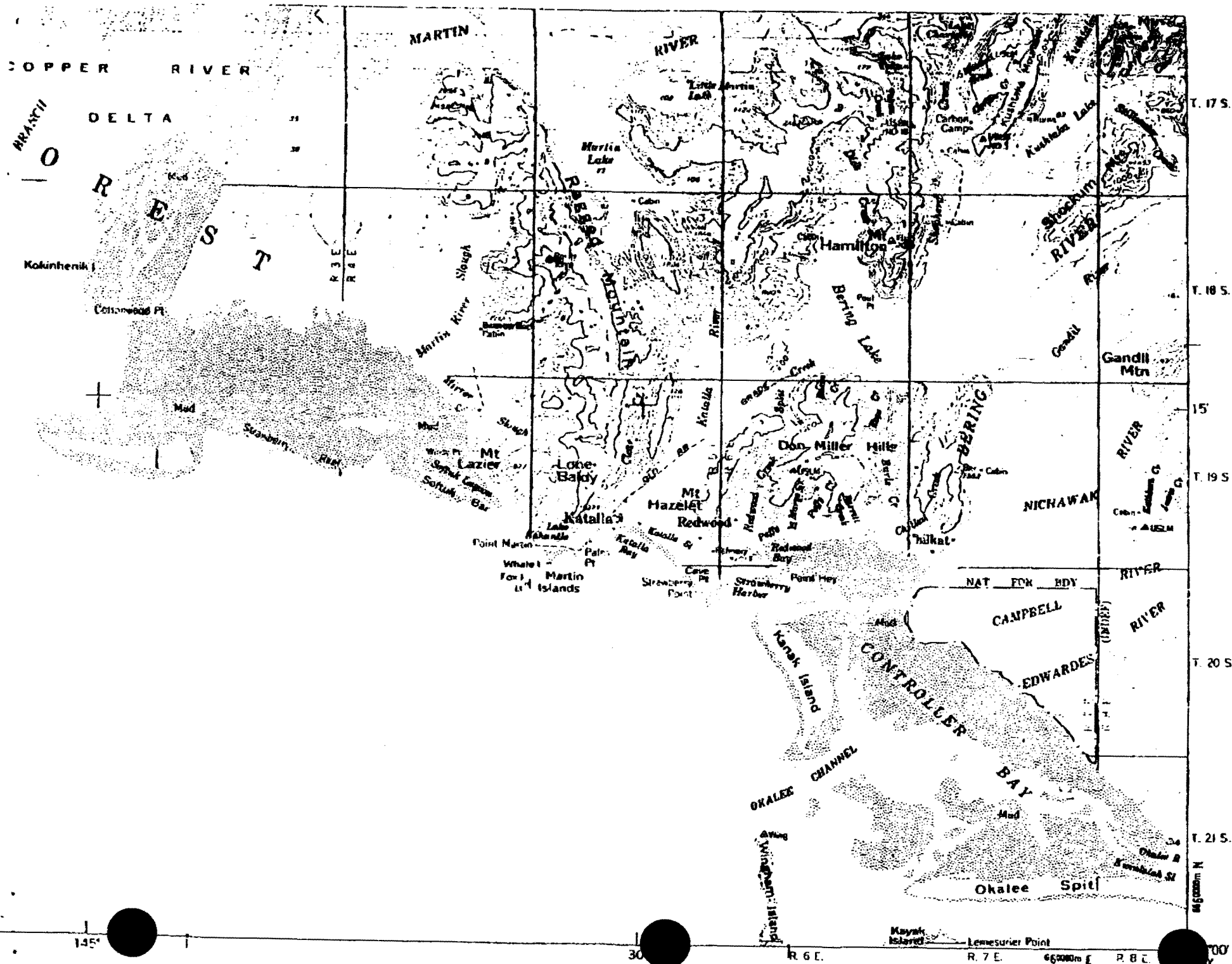
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KATALLA

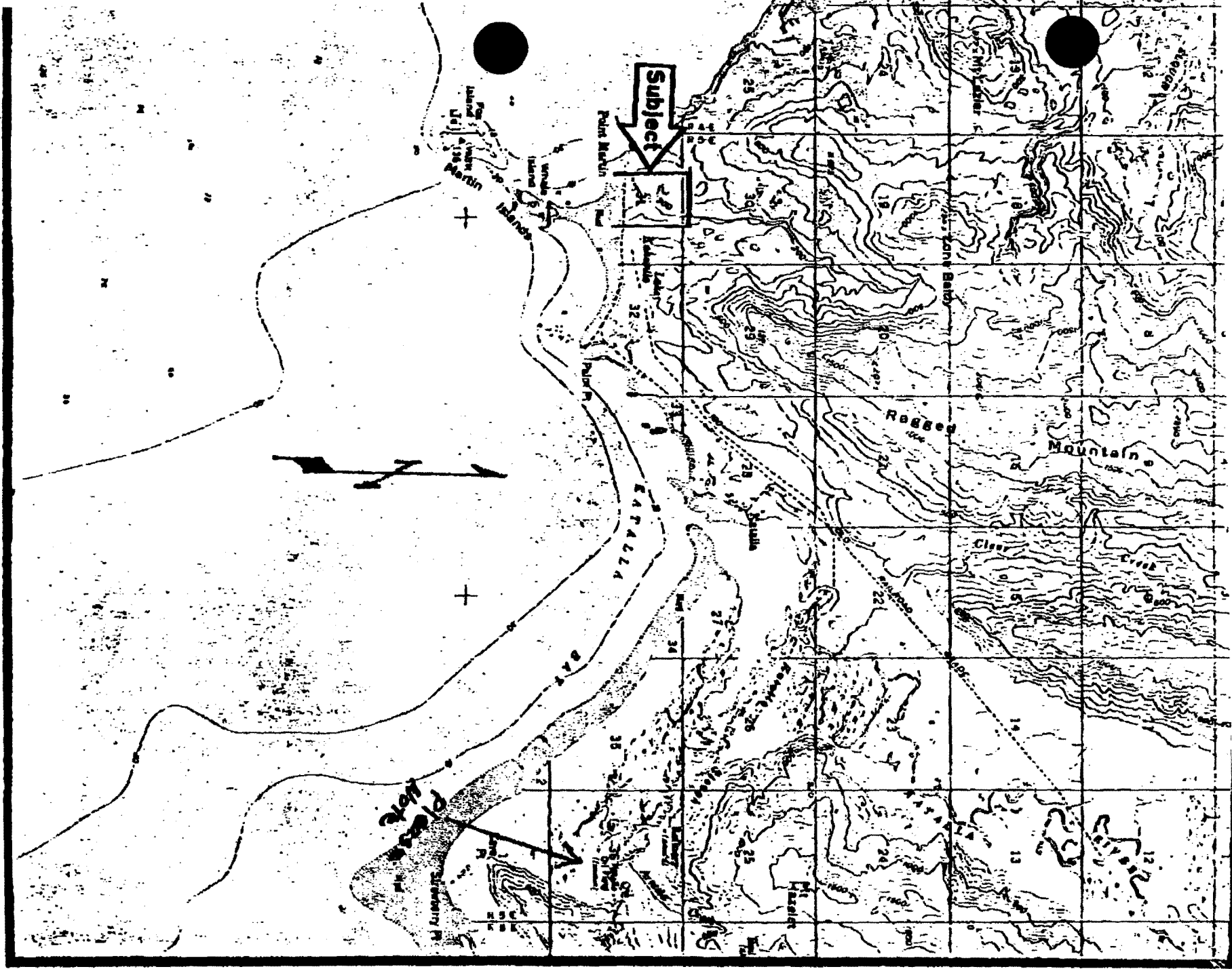
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-7-



Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 20, 1998

Mr. Chip Thoma
Box 21884
Juneau, Alaska 99804

Dear Mr. Thoma:

As follow-up to your request for information, through federal fiscal year 1997 (the most recently completed fiscal year), of the \$323 million authorized for disbursement by the Trustee Council, \$187 million was for habitat protection while \$136 million was spent for monitoring/research/general restoration projects and to support scientific management, public involvement and administration of the restoration program. (Please note that under the terms of the court approved settlement, \$213.1 million was allocated for reimbursement of spill response costs incurred by the governments and Exxon and these allocations are not under the jurisdiction of the Trustee Council. It should also be noted that a number of the large parcel habitat purchases provide for payments over a period of time so that disbursements through FY 97 do not account for all future land payment obligations.)

More detailed information about the restoration program is provided in the enclosed materials:

- the Trustee Council's most recent 1998 Status Report (note especially page 28 and the table entitled "Past and Estimated Future Uses of Civil Settlement");
- the "Restoration Update" newsletter for March-April 1998 devoted to solicitation of public comment on the Restoration Reserve;
- a summary of public comment on the Restoration Reserve received by the Restoration Office through mid-May 1998; and
- the habitat protection program status reports for both the large parcel and small parcel programs as of May 29, 1998.

I hope this information is helpful.

Sincerely,

Eric F. Myers
Director of Operations

enclosures

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 20, 1998

Dennis Fradley
Anchorage Times
P.O. Box 100040
Anchorage, Alaska 99510

Dear Mr. Fradley:

Please find enclosed a copy of the Special Edition of the *Restoration Update* newsletter published last spring dedicated to the Restoration Reserve. As you will note, the back page included a schedule of public meetings and indicates that the deadline for comment was April 30, 1998.

I spoke with Grant Baker. He had confused the comment process and deadline for the Restoration Reserve with the process for our yearly project Work Plan. In any case, he now knows that the Trustee Council will always accept public comment at any time and that the April 30, 1998 deadline was set in order to be able to analyze comments for presentation to the Public Advisory Group and the Trustee Council. As you and I also discussed with Deborah Williams, consideration of the Restoration Reserve is on-going and the Trustee Council is tentatively scheduled to meet in late September to discuss the Restoration Reserve. Any public comments received prior to that time will be made available to the Council members. For your reference, I have also enclosed a copy of a summary analysis of the public comments that had been received through the middle of May. As you can see, there is a wide spectrum of opinion regarding how to use the reserve funds in the future.

I hope this helps to clarify things. As always, if you have questions about restoration program activities or meetings, please call the Restoration Office.

Sincerely,

Eric F. Myers
Director of Operations

enclosures

cc: Deborah Williams

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Molly McCammon

FROM: 
Traci Cramer
Administrative Officer

DATE: July 20, 1998

RE: Cash Flow Explanation

This explanation has been developed for the cash flow statement and supporting schedules dated July 20, 1998. Changes incorporated include the following.

1. The June 30, 1998 balance has been reconciled with the CRIS report.
2. The small parcel acquisition assumptions have been updated to reflect court action.
3. The final payment for the Tatitlek acquisition has been updated to reflect the June 4, 1998 closing date.
4. The reimbursements have been changed to reflect payment of the \$15,000.0 due the State of Alaska over the next four years, rather than three years.
5. The Eyak down payment has been moved from July to August.

Land Acquisition Down Payments

Down payments that are reflected for FFY 1998 include the following.

Eyak Corporation	\$7,000.0	Aug.
Afognak Joint Ventures	\$28,000.0	Sept.

Land Acquisition Payments

The FFY 1998 land payments include the following.

Acquisitions Completed -

Koniag, Incorporated	\$4,500.0	Sept.
Kodiak Island Borough (Shuyak)	\$4,000.0	Sept.

Acquisitions Pending -

KEN 1002 - 1004 Kenai Native Assoc.	\$4,000.0	July
Kodiak Island Borough Tax Parcels	\$1,000.0	Aug.

KEN 12 Baycrest	\$500.0	Aug.
KAP 220 Ayakulik River	\$80.0	Aug.
KAP 226 Karluk River Lagoon	\$240.0	Aug.
Miscellaneous Small Parcels ¹	\$2,180.0	Aug.
Eyak Corporation	\$6,000.0	Sept.
Tatitlek Corporation	\$10,570.9	Sept.

The FFY 1999 land payments include the following.

Acquisitions Completed -		
Kodiak Island Borough (Shuyak)	\$4,000.0	Sept.
Acquisitions Pending -		
Eyak Corporation	\$14,000.0	Sept.
Afognak Joint Ventures	\$22,738.2	Sept.

The FFY 2000 land payments include the following.

Acquisitions Completed -		
Kodiak Island Borough (Shuyak)	\$4,000.0	Sept.
Acquisitions Pending -		
Eyak Corporation	\$5,000.0	Sept.
Afognak Joint Ventures	\$22,738.2	Sept.

The FFY 2001 land payments include the following.

Acquisitions Completed -		
Kodiak Island Borough (Shuyak)	\$4,000.0	Sept.
Koniag, Incorporated	\$16,500.0	Sept.
Acquisitions Pending -		
Eyak Corporation	\$6,000.0	Sept.

The FFY 2002 land payments include the following.

Acquisitions Completed -		
Kodiak Island Borough (Shuyak)	\$11,805.7	Sept.
Acquisitions Pending -		
Eyak Corporation	\$7,000.0	Sept.
Afognak Joint Ventures (FFY 2008)	\$340.6	Sept.

Attachments

¹ Outstanding Small Parcels: Cooper \$48.0, Patson \$375.0, Termination Point \$1,800.0, Jack Pot Bay ?? and the Valdez Duck Flats ??.

D...T
EVOS Monthly Cash Flow Estimate
Stated in Thousands

FFY 1998													
Beginning Balance	54,277.2	54,476.4	54,719.2	54,930.7	54,081.8	52,884.1	53,056.7	53,240.8	39,346.4	39,510.5	38,043.6	27,147.8	
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.												2,500.0	2,500.0
FY General Restoration-Monitor & Research				1,019.0								12,000.0	13,019.0
Habitat Protection Down Payments								3,000.0			7,000.0	28,000.0	38,000.0
Large Parcel Payments								11,150.0				25,070.9	36,220.9
Small Parcel Acquisitions					1,460.4					4,000.0	4,000.0		9,460.4
Habitat Protection Associated Costs				70.0								565.0	635.0
Special Projects												3,600.0	3,600.0
Restoration Reserve Contribution												12,600.0	12,600.0
CRIS Management Fees	16.1	19.7	17.2	19.5	21.3	14.0	14.9	20.7	13.3	11.8	8.5	3.1	180.1
Exxon Payment after Reimbursements												66,250.0	66,250.0
Gross Interest (estimate)	215.3	262.5	228.7	259.5	284.0	186.7	199.0	276.3	177.4	157.9	112.7	41.2	2,401.2
Interest/Lapse (estimate)										2,387.0		832.8	3,219.8
Ending Balance	54,476.4	54,719.2	54,930.7	54,081.8	52,884.1	53,056.7	53,240.8	39,346.4	39,510.5	38,043.6	27,147.8	9,932.9	
FFY 1999													
Beginning Balance	8,682.9	8,716.3	8,749.9	8,783.6	8,817.5	8,851.5	8,885.6	8,919.8	6,946.5	6,973.3	7,000.2	7,027.1	
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.												2,500.0	2,500.0
FY General Restoration-Monitor & Research												10,000.0	10,000.0
Habitat Protection Down Payments													0.0
Large Parcel Payments												40,738.2	40,738.2
Small Parcel Acquisitions													0.0
Habitat Protection Associated Costs												215.0	215.0
Special Projects								2,000.0					2,000.0
Restoration Reserve Contribution												12,600.0	12,600.0
CRIS Management Fees	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.2	2.2	2.2	2.2	2.5	30.4
Exxon Payment after Reimbursements												66,250.0	66,250.0
Gross Interest (estimate)	36.2	36.3	36.5	36.6	36.7	36.9	37.0	28.8	28.9	29.1	29.2	33.2	405.4
Interest/Lapse (estimate)												753.3	753.3
Ending Balance	8,716.3	8,749.9	8,783.6	8,817.5	8,851.5	8,885.6	8,919.8	6,946.5	6,973.3	7,000.2	7,027.1	8,007.9	

D T
EVOS Monthly Cash Flow Estimate
Stated in Thousands

FFY 2000													
Beginning Balance	6,757.9	6,784.0	6,810.1	6,836.4	6,862.7	6,889.2	6,915.7	6,942.4	6,969.1	6,996.0	7,023.0	7,050.0	
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.												1,500.0	1,500.0
FY General Restoration-Monitor & Research												8,000.0	8,000.0
Habitat Protection Down Payments													0.0
Large Parcel Payments												31,738.2	31,738.2
Small Parcel Acquisitions													0.0
Habitat Protection Associated Costs													0.0
Special Projects													0.0
Restoration Reserve Contribution												12,600.0	12,600.0
CRIS Management Fees	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	6.3	30.0
Exxon Payment after Reimbursements												66,250.0	66,250.0
Gross Interest (estimate)	28.2	28.3	28.4	28.5	28.6	28.7	28.8	28.9	29.0	29.2	29.3	83.7	399.5
Interest/Lapse (estimate)												635.8	635.8
Ending Balance	6,784.0	6,810.1	6,836.4	6,862.7	6,889.2	6,915.7	6,942.4	6,969.1	6,996.0	7,023.0	7,050.0	20,175.0	
FFY 2001													
Beginning Balance	18,925.0	6,951.7	6,978.5	7,005.4	7,032.4	7,059.5	7,086.7	7,114.1	7,141.5	7,169.0	7,196.6	7,224.4	
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.												1,500.0	1,500.0
FY General Restoration-Monitor & Research												6,000.0	6,000.0
Habitat Protection Down Payments													0.0
Large Parcel Payments												26,500.0	26,500.0
Small Parcel Acquisitions													0.0
Habitat Protection Associated Costs													0.0
Special Projects													0.0
Restoration Reserve Contribution	12,000.0												12,000.0
CRIS Management Fees	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	12.5	36.8
Exxon Payment after Reimbursements												66,250.0	66,250.0
Gross Interest (estimate)	28.9	29.0	29.1	29.2	29.3	29.4	29.5	29.6	29.8	29.9	30.0	166.5	490.0
Interest/Lapse (estimate)												475.0	475.0
Ending Balance	6,951.7	6,978.5	7,005.4	7,032.4	7,059.5	7,086.7	7,114.1	7,141.5	7,169.0	7,196.6	7,224.4	40,103.3	

D. J. T.
EVOS Monthly Cash Flow Estimate
 Stated in Thousands

FFY 2002													
Beginning Balance	43,853.3	31,976.1	32,099.3	32,223.1	32,347.3	32,471.9	32,597.1	32,722.7	32,848.8	32,975.4	33,102.5	33,230.1	
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.													0.0
FY General Restoration-Monitor & Research													0.0
Habitat Protection Down Payments													0.0
Large Parcel Payments												19,146.3	19,146.3
Small Parcel Acquisitions													0.0
Habitat Protection Associated Costs													0.0
Special Projects													0.0
Restoration Reserve Contribution	12,000.0												12,000.0
CRIS Management Fees	10.0	10.0	10.0	10.1	10.1	10.1	10.2	10.2	10.3	10.3	10.3	4.5	116.1
Exxon Payment													0.0
Gross Interest (estimate)	132.7	133.2	133.7	134.3	134.8	135.3	135.8	136.3	136.9	137.4	137.9	60.2	1,548.7
Interest/Lapse (estimate)												375.0	375.0
Ending Balance	31,976.1	32,099.3	32,223.1	32,347.3	32,471.9	32,597.1	32,722.7	32,848.8	32,975.4	33,102.5	33,230.1	14,514.5	
FFY 2003													
Beginning Balance	14,514.5												
Item	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Total
FY Increases & Other Authorization													0.0
Administration, SRB & Public Info.													0.0
FY General Restoration-Monitor & Research													0.0
Habitat Protection Down Payments													0.0
Large Parcel Payments													0.0
Small Parcel Acquisitions													0.0
Habitat Protection Associated Costs													0.0
Special Projects													0.0
Restoration Reserve Contribution													0.0
CRIS Management Fees	6.0												6.0
Exxon Payment													0.0
Gross Interest (estimate)	60.5												60.5
Interest/Lapse (estimate)													0.0
Ending Balance	14,569.0												14,569.0

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 17, 1998

Barry T. Hill
Associate Director
Energy, Resources and Science Issues
U.S. General Accounting Office
Washington, D.C. 20548

Barry T. Hill
Associate Director
Energy, Resources & Science
Issues
U.S. General Accounting
Office
441 G Street NW Rm 2T23
Washington DC 20548
202-512-8021
f 202-512-8354

Dear Mr. Hill:

These comments on your draft report, "Status of Payments and Use of Exxon Valdez Oil Spill Settlement Funds," are offered on behalf of the entire Exxon Valdez Oil Spill Trustee Council. We appreciate being given the opportunity to comment on this draft.

In general, the Trustee Council supports the overall findings of this draft report. We appreciate the fact that you have noted that issues identified in an earlier GAO report have all been addressed (p. 9). Many programmatic improvements have been made and we are very proud of the program that has been developed by the Council over the past seven years. Certainly, there has never been a settlement this large, or an injury to the environment of such magnitude and complexity, resulting in some inevitable delays in getting a program fully operational. As noted in the GAO report, the settlement calls for meaningful public involvement. While extensive public involvement has slowed the process, we feel that overwhelming public support for the restoration program provides ample justification for careful development of the program and clear evidence of the Trustee Council's success in meeting its trust responsibilities.

The draft report notes that the Council's management of the settlement funds "appears more effective than when we last reported on this issue" (p. 30). We believe the abundant documentation provided to the GAO amply demonstrates more than just an appearance of effective management and we are now confident that the Exxon Valdez settlement process can serve as a model for other similar efforts throughout the nation. Accordingly, the statement on p. 30 should be substantially strengthened.

Status of distribution of funds. We believe it is important to note on p. 12 in the paragraph headed "Council-approved projects" that of the \$323 million disbursed by the Trustee Council to federal and state agencies, \$187 million was for habitat protection, virtually all of which has been passed on to private landowners. Of the

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\$116 million spent for monitoring, research and general restoration projects, \$31 million has gone to non-agency entities such as universities, independent contractors, and private non-profits. The Trustee Council is pleased that while the general public benefits from the protection of valuable habitat and improved scientific understanding of the injured resources, it has also been possible to use the vast majority of settlement funds in a manner that has economic benefits for the private sector.

Projects consistent with *Restoration Plan*. The draft report states (p. 3) that “a few monitoring and research projects have been funded” even though they “appear questionable and have generated disagreement in the review and approval process.” The draft report specifically identifies three projects (sockeye salmon, killer whales and pink salmon genetics) and suggests that (p. 13) they “may not” be sufficiently linked to the oil spill or are projects that should not have been funded because they “would be funded under normal agency mission activities.” We do not agree. While the record reflects debate about these three projects, we believe that the files and deliberations on these projects document the rationale and oil spill linkage.

Respecting “normal agency management, the *Restoration Plan* states that “government agencies will be funded only for restoration projects that the agencies would not have conducted had the spill not occurred.” The *Restoration Plan* further clarifies that “this policy addresses the concern that restoration projects should not support activities that government agencies would do anyway.” (*Restoration Plan*, p. 17) We note that virtually every project the Council has funded could arguably be considered part of a federal or state agency’s existing mission. In fact, the Trustees for the most part were chosen because of their management authorities and responsibilities for the public’s natural resources. However, while the three projects noted may also fall generally within an agency’s mission, they were funded by the Trustee Council for the specific purpose of addressing issues and impacts resulting from the 1989 oil spill that were not being addressed by the agencies and are thus not “normal agency activities.”

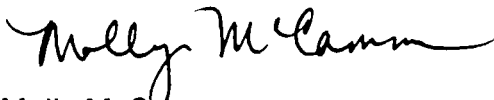
As indicated in the draft report, the issue of “normal agency activities” was raised in the 1993 GAO audit. We agree with the current audit’s conclusion that this continues to be an important issue and that the Trustee Council should “continue to review the restoration projects on a case-by-case basis to ensure that each project is directly tied to the oil spill and that the project is not part of an agency mission activity.” At the request of both the Trustee Council and the Public Advisory Group, substantial effort was made in 1995 to develop further criteria to help define what constituted “normal agency management” in order to supplement the existing *Restoration Plan* policy and provide more guidance in the review process. However, after extensive review no further criteria could be found that improved the guidance to the satisfaction of the Council and the PAG. Both bodies concluded that there was no perfect, all-encompassing definition of normal agency management, and thus directed staff to increase its review of individual projects on a case-by-case basis. This has been done and continues to this date.

Management of Settlement Funds. We fully concur with the GAO's recommendation regarding the need "to minimize management fees and maximize net returns without compromising the security and reliability of the investment returns." This issue has been the focus of considerable effort by the Council over the past two years and, during the audit process, the Council strongly promoted attention on this issue by the GAO. The major change needed -- to withdraw the settlement funds from the U.S. Treasury -- has been the most problematic since it requires Congressional action. We are hopeful that we will be able to achieve this without compromising the integrity of the settlement itself. We continue our efforts to implement electronic transfers, and continue to find ourselves frustrated by the court system bureaucracy. We hope that the added attention provided by the GAO's recommendation will help us resolve this matter.

In reviewing the draft report we have identified a number of additional technical errors or suggested clarifications. We have noted these in a marked up draft that has been sent separately.

Again, we appreciate the opportunity to provide these comments and also the opportunity to explain in detail our program to your excellent team of auditors.

Sincerely,



Molly McCammon
Executive Director

cc: Trustee Council
U.S. Department of Justice

MM/ty

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



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Brown, Michele
Bosworth, Rob
Hines, Bill
Jim Caplan

Pennoyer, Steve
Rue, Frank
Tillery, Craig
Williams, Deborah
Wolfe, Jim

FROM: Molly McCammon

DATE: July 17, 1998 TOTAL PAGES: 4

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Re: letter to Barry Hill regarding GAI report

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FAX SENT BY: Jami

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Re: EAC report

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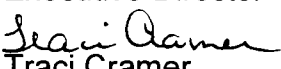
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MEMORANDUM

TO: Trustee Council

THROUGH: Molly McCammon
Executive Director

FROM: 
Traci Cramer
Administrative Officer

DATE: July 17, 1998

RE: Financial Report as of June 30, 1998

Attached is the Statement of Revenue, Disbursements and Fees, and accompanying notes for the *Exxon Valdez* Joint Trust Fund for the period ending June 30, 1998.

The following is a summary of the information incorporated in the notes and contained on the statement.

Liquidity Account Balance	\$39,510,491	
Plus: Current Year Adjustments (Note 5)	30,651,407	
Plus: Other Adjustments (Note 6)	2,387,019	
Uncommitted Fund Balance		\$72,548,917

Plus: Future Exxon Payments (Note 1)	\$210,000,000	
Less: Remaining Reimbursements (Note 3)	11,250,000	
Less: Remaining Commitments (Note 7)	<u>40,305,734</u>	
Total Estimated Funds Available		\$230,993,183

Restoration Reserve (Note 8)	\$66,270,054
------------------------------	--------------

If you have any questions regarding the information provided please do not hesitate to give me a call at 586-7238.

Attachments

cc: Agency Liaisons
Bob Baldauf

NOTES TO THE STATEMENT OF REVENUE, DISBURSEMENTS AND FEES
FOR THE *EXXON VALDEZ* JOINT TRUST FUND
As of June 30, 1998

1. Contributions - Pursuant to the agreement Exxon is to pay a total of \$900,000,000.

Received to Date	\$620,000,000
Current Year	\$70,000,000
Future Payments	\$210,000,000

2. Interest Income - In accordance with the MOA, the funds are deposited in the United States District Court, Court Registry Investment System (CRIS). All deposits with CRIS are maintained in United States government treasury securities with maturities of 100 days or less. Total earned since the last report is \$177,427.
3. Reimbursement of Past Costs - Under the terms of the agreement, the United States and the State are reimbursed for expenses associated with the spill. The remaining reimbursements represent that amount due the State of Alaska.
4. Fees - CRIS charges a fee of 7.5% for cash management services. Total paid since the last report is \$13,307.
5. Current Year Adjustments – Includes the current year payment (less reimbursements), \$27,700 for the 1998 Work Plan projects approved by the Trustee Council, \$4,000,000 for acquisition of small parcels, the transfer of \$12,000,000 (plus interest of \$500,000) into the Restoration Reserve and the following land payments.

<u>Seller</u>	<u>Amount</u>	<u>Due</u>
Koniag, Incorporated	\$4,500,000	September 1998
Shuyak	\$4,000,000	October 1998
Tatitlek	\$10,570,893	October 1998

6. Other Adjustments - Under terms of the Agreement, both interest earned on previous disbursements and prior years unobligated funding or lapse are deducted from future court requests. Unreported interest and lapse is summarized below.

	<u>Interest</u>	<u>Lapse</u>
United States	\$245,187	\$768,011
State of Alaska	\$1,057,514	\$316,307

7. Remaining Commitments - Includes the following land payments.

<u>Seller</u>	<u>Amount</u>	<u>Due</u>
Shuyak	\$12,000,000	October 1999 through 2001
Shuyak	\$11,805,734	October 2002
Koniag, Incorporated	\$16,500,000	September 2002

8. Restoration Reserve – Pursuant to Trustee Council action, the amount reported includes funds previously transferred, plus accrued interest less fees (\$53,539,090). Also included is the \$12,000,000 transfer approved for Fiscal Year 1998, plus \$500,000 in interest accrued since September 15, 1997, although the 1998 payment has not been formally transferred from the Liquidity Account to the Restoration Reserve.

STATEMENT OF REVENUE, DISBURSEMENT, AND FEES
EXXON VALDEZ OIL SPILL JOINT TRUST FUND
As of June 30, 1998

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>To Date</u> <u>1998</u>	<u>Cumulative</u> <u>Total</u>
REVENUE:					
Contributions: (Note 1)					
Contributions from Exxon Corporation	70,000,000	70,000,000	70,000,000	0	620,000,000
Less: Credit to Exxon Corporation for clean-up costs incurred					(39,913,688)
Total Contributions	<u>70,000,000</u>	<u>70,000,000</u>	<u>70,000,000</u>	<u>0</u>	<u>580,086,312</u>
Interest Income: (Note 2)					
Exxon Corporation escrow account					831,233
Joint Trust Fund Account	<u>5,706,667</u>	<u>3,963,073</u>	<u>2,971,070</u>	<u>2,089,391</u>	<u>20,440,201</u>
Total Interest	<u>5,706,667</u>	<u>3,963,073</u>	<u>2,971,070</u>	<u>2,089,391</u>	<u>21,271,434</u>
Total Revenue	<u>75,706,667</u>	<u>73,963,073</u>	<u>72,971,070</u>	<u>2,089,391</u>	<u>601,357,746</u>
DISBURSEMENTS:					
Reimbursement of Past Costs: (Note 3)					
State of Alaska		3,291,446	5,000,000	0	91,559,288
United States	<u>2,697,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,812,045</u>
Total Reimbursements	<u>2,697,000</u>	<u>3,291,446</u>	<u>5,000,000</u>	<u>0</u>	<u>161,371,333</u>
Disbursements from Liquidity Account:					
State of Alaska	41,969,669	43,340,950	17,846,130	1,639,900	174,431,228
United States	48,019,928	31,047,824	60,101,802	15,059,500	175,663,822
Transfer to the Restoration Reserve		<u>35,996,231</u>	<u>12,449,552</u>		<u>48,445,783</u>
Total Disbursements	<u>89,989,597</u>	<u>110,385,004</u>	<u>90,397,484</u>	<u>16,699,400</u>	<u>398,540,833</u>
FEES:					
U.S. Court Fees (Note 4)	586,857	396,307	254,221	156,704	1,935,090
Total Disbursements and Fees	<u>93,273,454</u>	<u>114,072,758</u>	<u>95,651,705</u>	<u>16,856,104</u>	<u>561,847,255</u>
Increase (decrease) in Liquidity Account	<u>(17,566,788)</u>	<u>(40,109,685)</u>	<u>(22,680,635)</u>	<u>(14,766,714)</u>	<u>39,510,490</u>
Liquidity Account Balance, beginning balance	134,634,311	117,067,523	76,957,839	54,277,204	
Liquidity Account Balance, end of period	117,067,523	76,957,839	54,277,204	39,510,490	
Current Year Adjustments: (Note 5)					30,651,407
Other Adjustments: (Note 6)					2,387,020
Uncommitted Liquidity Account Balance					<u>72,548,917</u>
Future Exxon Payments (Note 1)					210,000,000
Remaining Reimbursements (Note 3)					(11,250,000)
Remaining Commitments: (Note 7)					(40,305,734)
Total Estimated Funds Available					<u>230,993,183</u>
Restoration Reserve					<u>66,270,054</u>

Statement 1
Statement of Exxon Valdez Settlement Funds
As of June 30, 1998

Beginning Balance of Settlement	900,000,000
---------------------------------	-------------

Receipts:

Interest Earned on Exxon Escrow Account	337,111
Net Interest Earned on Joint Trust Fund (Note 1)	18,505,111
Interest Earned on United States and State of Alaska Accounts	6,622,613

Total Interest	<u>25,464,835</u>
----------------	-------------------

Disbursements:

Reimbursements to United States and State of Alaska	161,371,333
Exxon clean up cost deduction	39,913,688
Joint Trust Fund deposits	419,546,212

Total Disbursements	<u>620,831,233</u>
---------------------	--------------------

Funds Available:

Exxon Future Payments	210,000,000
Current Year Payment	70,000,000
Balance in Liquidity Account	39,510,490
Future acquisition payments (Note 2)	(59,376,627)
Alaska Sealife Center	0
Remaining Reimbursements	(15,000,000)
Other (Note 3)	2,387,020

Total Estimated Funds Available	<u>247,520,883</u>
---------------------------------	--------------------

Restoration Reserve	66,270,054
---------------------	------------

Note 1: Gross interest earned less District Court registry fees.

Note 2: Includes both current year and future year payments

Note 3: Adjustment for unreported interest earned and lapse

Footnote:

Included in the Total Estimated Funds Available is the \$12,000,000 (plus \$500,000 of accrued interest) payment to the Restoration Reserve for Fiscal Year 1998, \$27,700 for the 1998 Work Plan included in Court Notice #4 and \$4,000,000 for acquisition of small parcels that was included in Court Request #34.

Statement 2
Cash Flow Statement
Exxon Valdez Liquidity Account
As of June 30, 1998

Receipts:

Exxon payments

December 1991	36,837,111	
December 1992	56,586,312	
September 1993	68,382,835	
September 1994	58,728,400	
September 1995	67,303,000	
September 1996	66,708,554	
September 1997	65,000,000	

Total Deposits	419,546,212	419,546,212
----------------	-------------	-------------

Interest Earned	20,440,201	
-----------------	------------	--

Total Interest	20,440,201	20,440,201
----------------	------------	------------

Total Receipts		439,986,413
----------------	--	-------------

Disbursements:

Court Requests

Fiscal Year 1992	12,879,700
Fiscal Year 1993	27,634,994
Fiscal Year 1994	50,554,653
Fiscal Year 1995	89,989,597
Fiscal Year 1996	74,388,774
Fiscal Year 1997	77,947,932
Fiscal Year 1998	16,699,400

Total Requests	350,095,050	350,095,050
----------------	-------------	-------------

District Court Fees	1,935,090	1,935,090
---------------------	-----------	-----------

Transfer to the Restoration Reserve		48,445,783
-------------------------------------	--	------------

Total Disbursements		400,475,922
---------------------	--	-------------

Balance in Joint Trust Fund		39,510,490
-----------------------------	--	------------

Footnote:

A total of \$48,445,783 has been disbursed from the Liquidity Account to the Restoration Reserve. Of the total, \$48,445,663 was used to purchase laddered securities. The remaining \$130 represents costs paid to the Federal Reserve Bank.

**Schedule of Payments from Exxon
As of June 30, 1998**

Disbursements:	December 91	December 92	September 93	September 94	September 95	September 96	September 97	Total
Reimbursements:								
United States								
FFY92	24,726,280	0	0					24,726,280
FFY93	0	24,500,000	11,617,165					36,117,165
FFY94	0	0	0	6,271,600				6,271,600
FFY95	0	0	0		2,697,000			2,697,000
Total United States	24,726,280	24,500,000	11,617,165	6,271,600	2,697,000	0	0	69,812,045
State of Alaska								
General Fund:								
FFY92	25,313,756	0	0					25,313,756
FFY93	0	16,685,133	0					16,685,133
FFY94	0	0	14,762,703					14,762,703
FFY95	0	0	0	0				0
Mitigation Account:								
FFY92	3,954,086	0	0					3,954,086
FFY93	0	12,314,867	0					12,314,867
FFY94	0	0	5,237,297	5,000,000				10,237,297
FFY95 (Prevention Account)	0	0	0		0			0
FFY96 (Prevention Account)						3,291,446		3,291,446
FFY97 (Prevention Account)							5,000,000	5,000,000
Total State of Alaska	29,267,842	29,000,000	20,000,000	5,000,000	0	3,291,446	5,000,000	91,559,288
Total Reimbursements	53,994,122	53,500,000	31,617,165	11,271,600	2,697,000	3,291,446	5,000,000	161,371,333

Deposits to Joint Trust Fund

FFY92	36,837,111	0	0					36,837,111
FFY93	0	56,586,312	68,382,835					124,969,147
FFY94	0	0	0					0
FFY95	0	0	0	58,728,400	67,303,000			126,031,400
FFY96						66,708,554		66,708,554
FFY97							65,000,000	65,000,000

Total Deposits to Joint Trust Fund	36,837,111	56,586,312	68,382,835	58,728,400	67,303,000	66,708,554	65,000,000	419,546,212
------------------------------------	------------	------------	------------	------------	------------	------------	------------	-------------

Exxon clean up cost deduction	0	39,913,688	0	0	0	0	0	39,913,688
-------------------------------	---	------------	---	---	---	---	---	------------

Total Payments	90,831,233	150,000,000	100,000,000	70,000,000	70,000,000	70,000,000	70,000,000	620,831,233
----------------	------------	-------------	-------------	------------	------------	------------	------------	-------------

Remaining Exxon payments to be made:

September 1998	70,000,000
September 1999	70,000,000
September 2000	70,000,000
September 2001	70,000,000
	<u>280,000,000</u>

The December 1991 payment includes interest accrued on the escrow account. The actual disbursements without interest was \$24.5 million to the United States, \$29 million to the State of Alaska and \$36.5 million to the Joint Trust Fund. The total interest earned on the escrow account was \$831,233 which was disbursed proportionately. This included \$226,280 to the United States, \$267,842 to the State of Alaska and \$337,111 to the Joint Trust Fund.

The September 1994 reimbursement to the United States included an over-payment of \$80,700 to NOAA. This over-payment is a direct result of final costs for damage assessment activities being lower than what was previously estimated. The funds were returned to the Joint Account by reducing the amount transferred to the United States in Court Request number 15.

Schedule of Disbursements
Exxon Valdez Liquidity Account
As of June 30, 1998

	United States	State of Alaska	Court Request Total	Court Fees	Disbursements Total
Court Request 1	6,320,500	6,559,200	12,879,700		
Total Fiscal Year 1992	6,320,500	6,559,200	12,879,700	23,000	12,902,700
Court Request 2	3,074,029	3,493,225	6,567,254		
Court Request 3	6,031,852	15,035,888	21,067,740		
Total Fiscal Year 1993	9,105,881	18,529,113	27,634,994	154,000	27,788,994
Court Request 4		29,950,000	29,950,000		
Court Request 5	2,516,069	2,227,856	4,743,925		
Court Request 6	1,407,818	12,211,164	13,618,982		
Court Request 7	2,084,500	157,246	2,241,746		
Total Fiscal Year 1994	6,008,387	44,546,266	50,554,653	364,000	50,918,653
Court Request 8	3,576,179	7,088,077	10,664,256		
Court Request 9		3,111,204	3,111,204		
Court Request 10	322,618	9,234,909	12,461,091		
Court Request 11	1,450,000		1,450,000		
Court Request 12	17,200,000		17,200,000		
Court Request 13	1,480,251	171,763	1,652,014		
Court Request 14	15,250,000		15,250,000		
Court Request 15	5,837,316	9,863,716	15,701,032		
Court Request 16		12,500,000	12,500,000		
Total Fiscal Year 1995	48,019,928	41,969,669	89,989,597	586,857	90,576,454
Court Request 17		3,294,667	3,294,667		
Court Request 18	8,000,000		8,000,000		
Court Request 19	3,222,224	1,968,898	5,191,122		
Restoration Reserve Transfer			35,996,231		
Court Request 20		8,000,000	8,000,000		
Court Request 21	1,007,000	5,520,500	6,527,500		
Court Request 22	18,818,600	24,556,885	43,375,485		
Total Fiscal Year 1996	31,047,824	43,340,950	110,385,004	396,307	110,781,312
Court Request 23	2,613,500	0	2,613,500		
Court Request 24	176,500	3,075,625	3,252,125		
Court Request 25	785,859	442,833	1,228,692		
Court Request 26	24,154,000	530,000	24,684,000		
Court Request 27	324,700	1,470,900	1,795,600		
Restoration Reserve Transfer			12,449,552		
Court Request 28	0	2,627,000	2,627,000		
Court Request 29	5,919,169	5,699,772	11,618,941		
Court Request 30	26,128,074	4,000,000	30,128,074		
Total Fiscal Year 1997	60,101,802	17,846,130	90,397,484	254,221	90,651,705
Court Request 31	445,200	643,800	1,089,000		
Court Request 32	464,300	996,100	1,460,400		
Court Request 33	14,150,000		14,150,000		
Court Request 34			0		
Restoration Reserve Transfer			0		
Total Fiscal Year 1998	15,059,500	1,639,900	16,699,400	156,704	16,856,104
Total	175,663,822	174,431,228	398,540,833	1,935,090	400,475,922

Exxon Valdez Liquidity Account								
Interest Earned/District Court Registry Fees								
As of June 30, 1998								
	FFY 1992	FFY 1993	FFY 1994	FFY 1995	FFY 1996	FFY 1997	FFY 1998	Total
Earnings Deposits	17,683	31,124	33,476	55,809				138,092
								0
Earnings Allocated:								0
1991	28,704							28,704
1992	526,613	553,697						1,080,309
1993		639,180	1,461,736					2,100,915
1994			1,876,788	1,402,938				3,279,726
1995				3,661,063	1,202,209			4,863,272
1996					2,364,556	810,894		3,175,451
1997						1,905,955	653,461	2,559,416
1998							1,279,225	1,279,225
Total	555,317	1,192,876	3,338,524	5,064,001	3,566,766	2,716,849	1,932,686	18,367,019
Total Earnings	573,000	1,224,000	3,372,000	5,119,809	3,566,766	2,716,849	1,932,686	18,505,111
Registry Fees:								
1991	3,189							3,189
1992	19,811	100,223						120,034
1993		53,777	179,658					233,435
1994			184,342	180,072				364,414
1995				406,785	133,579			540,364
1996					262,729	90,099		352,828
1997						164,121	52,983	217,105
1998							103,721	103,721
Total	23,000	154,000	364,000	586,857	396,307	254,221	156,704	1,935,090
Gross Earnings	596,000	1,378,000	3,736,000	5,706,667	3,963,073	2,971,070	2,089,391	20,440,201

Schedule of Interest Earned on United States and State of Alaska Accounts			
As of June 30, 1998			
	State of Alaska	United States	
	EVOSS Account	NRDA& R	Total
October 1994	44,291		44,291
November 1994	63,286		63,286
December 1994	67,496	3,849	71,346
January 1995	89,341		89,341
February 1995	100,714		100,714
March 1995	104,570	17,033	121,603
April 1995	95,432		95,432
May 1995	92,595		92,595
June 1995	80,613	50,042	130,655
July 1995	76,424		76,424
August 1995	68,771		68,771
September 1995	59,945	44,826	104,771
October 1995	133,486		133,486
November 1995	154,119		154,119
December 1995	143,917	39,567	183,484
January 1996	134,300		134,300
February 1996	122,348		122,348
March 1996	132,469	64,381	196,850
April 1996	126,550		126,550
May 1996	136,732		136,732
June 1996	145,501	73,267	218,768
July 1996	128,195		128,195
August 1996	106,079		106,079
September 1996	110,890	29,042	139,933
October 1996	181,598		181,598
November 1996	162,806		162,806
December 1996	153,991	71,093	225,084
January 1997	147,934		147,934
February 1997	125,137		125,137
March 1997	131,457	24,374	155,831
April 1997	122,111		122,111
May 1997	114,954		114,954
June 1997	99,811	368,523	468,334
July 1997	221,906		221,906
August 1997	36,898		36,898
September 1997	159,695	38,289	197,984
October 1997	119,195		119,195
November 1997	49,120		49,120
December 1997	92,204	130,183	222,387
January 1998	120,038		120,038
February 1998	29,888		29,888
March 1998	59,202	76,715	135,917
April 1998	55,222		55,222
May 1998	59,406		59,406
June 1998	50,136		50,136
Total	5,405,861	1,216,752	6,622,613
NOTE: The \$117,178 NRDA&R interest figure is cumulative.			
Interest was earned for the period July 1992 through September 1994, but the specific amounts have been hidden to allow the spreadsheet to print on one page.			

As of June 30, 1998

[illegible]

**Schedule of Lapse Adjustments to the Court Requests
As of June 30, 1998**

	December 1993	June 1994	August 1995	August 1996	August 1997	Total
Disbursements:						
Court Requests						
United States						
FFY92						0
FFY93						0
FFY94		3,106,555				3,106,555
FFY95			220,858			220,858
FFY96				1,165,334		1,165,334
FFY97					1,102,442	1,102,442
FFY98						
Total United States	0	3,106,555	220,858	1,165,334	1,102,442	5,595,189
State of Alaska						
FFY92						0
FFY93						0
FFY94	3,661,600					3,661,600
FFY95			2,376,950			2,376,950
FFY96				2,500,448		2,500,448
FFY97					3,549,927	3,549,927
FFY98						
Total State of Alaska	3,661,600	0	2,376,950	2,500,448	3,549,927	12,088,925
Total Adjustment	3,661,600	3,106,555	2,597,808	3,665,782	4,652,369	17,684,114

Schedule of Work Plan Authorizations and Other Authorizations

	FFY 92	FFY 93	FFY 94	FFY 95	FFY 96	FFY 97	FFY 98	Total
Work Plan Authorizations								
United States:								
June 15, 1992	6,320,500	0	0					
January 25, 1993	0	3,113,900	0					
January 25, 1993	0	6,035,500	0					
November 10, 1993	0	0	0					
November 30, 1993	0	0	2,567,300					
June 1994			4,536,800					
June 1994			84,500					
July 1994			1,500,000					
Carry Forward Authorization				463,500				
August 1994				2,110,800				
November 1994				2,514,200				
December 1994				749,600				
March 1995				1,484,100				
August 1995				(36,700)	6,238,800			
December 1995					3,270,900			
January 1996					150,000			
April 1996					478,000			
May 1996				21,900	15,200			
June 1996					23,000			
August 1996						7,923,700		
December 1996						310,900		
February 1997						0		
May 1997						0		
August 1997						85,000	7,263,600	
December 1997							445,200	
June 1998							19,000	
Total	6,320,500	9,149,400	8,688,600	7,307,400	10,175,900	8,319,600	7,727,800	57,689,200

Schedule of Work Plan Authorizations and Other Authorizations

	FFY 92	FFY 93	FFY 94	FFY 95	FFY 96	FFY 97	FFY 98	Total
Work Plan Authorizations								
State of Alaska								
June 15, 1992	6,559,200	0	0					
January 25, 1993	0	3,574,000	0					
January 25, 1993	0	7,570,900	0					
November 30, 1993	0	0	4,454,400					
June 1994			12,391,700					
June 1994			215,800					
July 1994			0					
Carry Forward Authorization				576,300				
August 1994				7,140,900				
November 1994				9,098,700				
December 1994				180,500				
March 1995				492,600				
August 1995				36,700	12,653,600			
December 1995					2,231,100			
April 1996					500,000			
May 1996					300			
June 1996					0			
August 1996						11,606,300		
December 1996						310,400		
February 1997						275,700		
May 1997						0		
August 1997						(85,000)	9,393,200	
December 1997							643,800	
June 1998							8,700	
Total	6,559,200	11,144,900	17,061,900	17,525,700	15,385,000	12,107,400	10,045,700	89,829,800

Schedule of Work Plan Authorizations and Other Authorizations

	FFY 92	FFY 93	FFY 94	FFY 95	FFY 96	FFY 97	FFY 98	Total
Other Authorizations								
United States:								
Orca Narrows (6/94)			2,000,000	1,450,000				3,450,000
Eyak Limited Conservation Easement				200,000				200,000
Kodiak National Wildlife Refuge (3/95, 9/95 AKI)				21,000,000	7,500,000	7,500,000		36,000,000
Kodiak National Wildlife Refuge (3/95, 9/95 Old Harbor)				11,250,000				11,250,000
Koniag					12,500,000	4,500,000		17,000,000
Small Parcels					379,000	3,740,200	464,300	4,583,500
Chenega Land Acquisition						24,000,000		24,000,000
Chenega-Area Oiling Reduction					3,600	157,400	182,000	343,000
Tatitlek							14,150,000	
English Bay						14,128,074		14,128,074
Total			2,000,000	33,900,000	20,382,600	54,025,674	14,796,300	110,954,574
State of Alaska:								
Kachemak Bay State Park (1/95)		7,500,000						7,500,000
Alutiiq Repository (11/93)		1,500,000						1,500,000
Seal Bay (11/93,11/94,11/95,11/96)			29,950,000	3,229,042	3,294,667	3,075,625		39,549,334
Shuyak (3/96, 10/96 - 10/02)					8,000,000	2,194,266	4,000,000	14,194,266
Small Parcels					5,020,500	3,738,000	996,100	9,754,600
Alaska SeaLife Center				12,500,000	12,456,000			24,956,000
Chenega-Area Oiling Reduction					0	1,732,000		1,732,000
Alaska SeaLife Center Fish Pass						545,600		545,600
Alaska SeaLife Center Equipment						724,000		724,000
Sound Waste Management Plan						1,167,900		1,167,900
Total		9,000,000	29,950,000	15,729,042	28,771,167	13,177,391	4,996,100	101,623,700
Total Other Authorizations	0	9,000,000	31,950,000	49,629,042	49,153,767	67,203,065	19,792,400	212,578,274
Total Work Plan Authorizations	12,879,700	20,294,300	25,750,500	24,833,100	25,560,900	20,427,000	17,773,500	147,519,000
Restoration Reserve					35,996,231	12,449,552	0	48,445,783
Total Authorized	12,879,700	29,294,300	57,700,500	74,462,142	110,710,897	100,079,617	37,565,900	408,543,057

Footnotes:

Work Plan Authorization and Land/Capital Acquisitions only. Will not balance to the Schedule of Disbursements from the Joint Trust Fund or the court requests due to deductions for interest and lapse.

This schedule does tie to the quarterly reports with the exception of 93' and 92'. In FY93 the Work Plan represented the transition to the Federal Fiscal Year from the Oil Year or a seven month period. This schedule presents authorization on the Federal Fiscal Year and as such FFY92 and FFY93 does not balance.

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 15, 1998

King Cove School Library
PO Box 69
King Cove, Alaska 99612

Dear Librarian:

We received a letter from you on March 23, 1998, requesting a copy of the "Proceedings of the Exxon Valdez Oil Spill Symposium." I apologize for the delay in honoring your request. I have asked for a copy to be forwarded to you as soon as possible. I hope you find this publication helpful. Thank you for your patients.

Sincerely,

Paula Banks
Receptionist
Exxon Valdez Restoration Office

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State Trustees

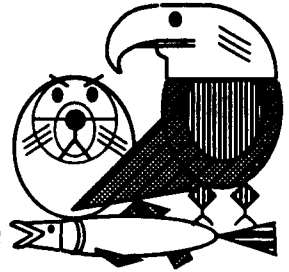
Alaska Department of Fish and Game
Alaska Department of Environmental Conservation
Alaska Department of Law

Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 G Street, Suite 401, Anchorage, Alaska 99501-3451

Phone: (907) 278-8012 Fax: (907) 276-7178



December 18, 1996

King Cove School Library
P.O. Box 6
King Cove, AK 99612

Dear Librarian:

In 1993, a three day symposium was held to report on the findings of studies regarding the effects of the *Exxon Valdez* oil spill. Proceedings of the Exxon Valdez Oil Spill Symposium have since been prepared and published.

The proceedings include 61 papers representing the major studies presented at the symposium and comprises the most comprehensive collection of scientific papers published to date on the spill. Contributions by over 150 authors make this a significant part of the record documenting the damage caused by the spill. The papers are organized into twelve topics: Fate and Toxicity; Subtidal; Subsistence; Treatment Effects; Intertidal; Herring; Salmon; Fish; Birds; Mammals; Archeology; and Human Impacts. The volume provides author and subject indexes for ease of reference.

As part of the Trustee Council's effort to provide information to the residents of the spill area, I would like to offer to provide a copy of the Proceedings of the Exxon Valdez Oil Spill Symposium to your library. If you would like a complimentary copy, please indicate so below and return this letter to the Restoration Office (645 G Street, Anchorage, Alaska 99501 attention: Keri Hile) by January 31, 1997.

☒ Yes, please send a complementary copy of the Proceedings

☐ No, please do not send a copy of the Proceedings at this time.

For your reference, I have also enclosed a copy of the Trustee Council's most recent annual report.

Sincerely,

*I'm sorry I don't know how this got over
looked by if we could still get a copy
or let us know what a copy would cost
we sure would love to have one.
Thanks - Jarrett Boboch / Librarian*

Eric F. Myers

Director of Operations

Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation

United States: National Oceanic and Atmospheric Administration, Departments of Agriculture and Interior

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MAR 23 1998

EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL

Restoration Office
645 G. Street
Anchorage, Ak 99501



54018C - Exxon Valdez oil spill proceedings

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 16, 1998

Dr. Grant Baker
UAA School of Engineering
3211 Providence Drive
Anchorage, Alaska 99508

Dear Dr. Baker:

Pursuant to your conversation with Eric Myers, please find enclosed the following materials:

- Summary of Public Comment on Alternatives of the Draft Exxon Valdez Oil Spill Restoration Plan (September 1993).
- The Restoration Update "Special Edition" discussing the Restoration Reserve.
- Summary of Public Comment on Restoration Reserve (Spring 1998) prepared for and presented at the June 1-2, 1998 Public Advisory Group meeting.
- June 1-2, 1998 Public Advisory Group meeting summary, including attachment #4, "Exxon Valdez Oil Spill Trustee Council Public Advisory Group Summary of Areas of Agreement re: Restoration Reserve" (working draft dated 6/2/98).
- List of current Public Advisory Group members.

The next Public Advisory Group meeting is scheduled for 8:30 a.m., Tuesday, July 28, 1998 at the Restoration Office Conference Room (645 G Street). A copy of the agenda will be sent to you when it is available. The PAG meeting will include consideration of the draft FY 99 Work Plan project recommendations as well as further deliberations on the Restoration Reserve.

There is also a public meeting Monday evening, July 27 at 7:00 p.m. at the Restoration Office to receive public comment on the draft FY 99 Work Plan.

I hope you find these materials helpful. If you have any more questions or if I can be of further assistance, please call me at 278-8012.

Sincerely,

Cherri Womac
Administrative Assistant

Enclosures

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 16, 1998

Peter W. Giannini
General Counsel
Chugach Alaska Corporation
560 East 34th Avenue - Suite 200
Anchorage, Alaska 99503

Dear Mr. Giannini:

I was more than a bit puzzled by your recent letter of July 8, 1998 in which you state, in reference to Chugach Alaska Corporation and the Trustee Council, that "we find ourselves on opposite sides."

Perhaps you misread the letter to the editor published in the *Anchorage Times*. As explained in great detail in that letter, the Trustee Council has not taken any position in support of the idea advocated by some to purchase lands or interests in lands in the vicinity of Carbon Mountain. As stated previously, the Trustee Council "has give no direction or authorization to pursue purchase of lands in the area, approved no settlement funds to support such an effort and has never indicated any support for any activity to in any way block Chugach Alaska Corporation from developing its timber resources." (For your convenience, I have enclosed another copy of the letter for your reference.)

In short, there is no "opposite side" to be on.

As you note, we have not met. I would hope that in the future, if you have any questions about the restoration program or activities of the Trustee Council, you would possibly consider calling the Restoration Office. I would be happy to speak with you. A simple bit of fact-checking on the part of the newspapers and others could have avoided the misinformed accusations and acrimony that have been directed at the restoration program and the Trustee Council.

Please know that a copy of your letter will be provided to all Trustee Council members and that we will provide you with a copy of the Trustee Council agenda for the meeting on August 13.

Sincerely,

Molly McCammon
Executive Director

enclosure



Letters to The Times

Trustees just doing job

It's remarkable how someone who wasn't present can describe an event in ways that people actually there wouldn't recognize. In a recent editorial ("Trust Betrayed" May 31, 1998), The Voice of the Times accused the Exxon Valdez Oil Spill Trustee Council of holding a meeting and "attempting through devious means to block the Chugach Alaska Corp. from developing some of its timber resources."

Indeed, there was a meeting on May 4 at the Restoration Office, but it wasn't a meeting of the Trustee Council. Rather, there was a request on behalf of several conservation organizations to meet and discuss an idea involving the possible purchase of land interests in the vicinity of the Copper River Delta that they felt could benefit the recovery of biological resources injured by the Exxon Valdez oil Spill.

At the May 4 meeting, I specifically pointed out that the lands in question are outside the spill-impact area as defined

in the Restoration Plan adopted by the Trustee Council in 1994 and that the Trustee Council has no plans to purchase lands outside of the spill impact area. To be absolutely clear: At no time during the meeting did any state or federal agency representative propose, encourage or endorse any effort to delay the ability of Chugach Alaska Corp. to pursue its efforts to access its timber resources.

As the land management agency for the region in question, the U.S. Forest Service has indicated that it may be interested in taking a closer look at the lands in question. But, contrary to what The Times asserted as fact, the Trustee Council did not meet on May 4; has given no direction or authorization to pursue purchase of lands in the Carbon Mountain area; has approved no settlement funds to support such an effort; and, has never indicated any support for any activity to in any way block Chugach Alaska Corp. from developing its timber resources.

The joint federal-state civil settlement that established the Trustee Council specifically provides that there shall be

meaningful public participation. This includes listening to the public and allowing people the opportunity to express their ideas. The Restoration Office will always take public comment and meet with persons who are interested in restoration activities. The fact that a meeting requested by members of the public took place, however, should not be misrepresented by The Times as a commitment or endorsement on the part of the Trustee Council for a particular course of action.

The Times editorial could be dismissed as silly were it not for the seriousness of the charge leveled — that the trustees have betrayed their trust obligations. The Times was wrong and could have avoided its error with minimal fact-checking. The Trustee Council has a responsibility, even if that means listening to people who advocate ideas The Times does not support.

Molly McCammon
Executive director
Exxon Valdez Oil Spill Trustee Council

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 14, 1998

Senator Georgianna Lincoln
State Capitol
Juneau, Alaska 99801-1182

Dear ~~Senator Lincoln~~ *Georgianna*:

Thank you for writing to express your support for Project 99443, which would provide funding for Cordova District Fishermen United to develop and fund a long-term marketing program to enhance the value and market share of commercially harvested salmon. CDFU has requested civil settlement funds of nearly \$1.2 million for this project.

Although a great deal of interest has been expressed in salmon marketing and similar economic initiatives, this project appears to be inconsistent with the settlement agreement between Exxon Corporation and the governments of the United States and the State of Alaska, for it aims to restore the market for Alaska salmon rather than restoring the injured resource itself. I have requested, but have not yet received, an opinion from the U.S. Department of Justice regarding the legal permissibility of this project under the terms of the settlement. In addition, the project is not consistent with the policies contained in the Restoration Plan adopted by the Trustee Council in November 1994. The plan states that commercial fishing will have recovered when the commercially important fish species have recovered and opportunities to catch these species are not lost or reduced because of the effects of the oil spill.

On July 8, 1998 I participated in a CDFU board meeting at which this project was discussed at length. CDFU argued strongly that Alaska's drop in market share could be attributed directly to the 1989 oil spill. No one disagrees that Alaska has lost market share to competitors and that the oil spill could well have contributed to this loss. However, there is a problem with Trustee Council funding in that increasing Alaska's market share does nothing to restore healthy fish populations. As mentioned above, the civil settlement, which is the source of Trustee Council funding, addressed the injury to, and restoration of, natural resources and the services those resources provide. It is the private claims, which are still in litigation, that are aimed at addressing the economic impacts of the spill on commercial fishers.

Federal Trustees

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

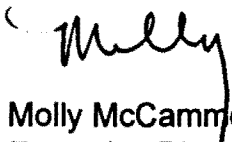
State Trustees

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

I have discussed the CDFU proposal with several of the Trustees individually. The Trustee Council is scheduled to take action on funding for this and all other proposals submitted for the FY 99 Work Plan on August 13, 1998. A public meeting on the Work Plan will take place by teleconference the evening of July 27, and the EVOS Public Advisory Group will meet to formulate its final recommendation on the Work Plan on July 28. Your letter will be shared with both the PAG and the Council prior to their meetings.

Thank you again for expressing your support for Project 99443. I appreciate your interest in and commitment to restoration of Prince William Sound.

Sincerely,

A handwritten signature in cursive script, appearing to read "Molly", written in black ink.

Molly McCammon
Executive Director

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 13, 1998

Mr. Peter Zachara
General Delivery
Cordova, Alaska 99574

Dear Mr. Zachara:

Thank you for your recent letter regarding the Trustee Council's habitat protection program and your interest in protecting habitat values in the eastern Copper River delta region. As you are aware, the lands in question are outside of the spill-impacted area.

Under the terms of the court-approved settlement administered by the Trustee Council, funds must be used for the restoration of resources and services injured by the *Exxon Valdez* oil spill. The Trustee Council undertook an extensive planning process over the course of several years to develop a *Restoration Plan* that was formally adopted in 1994. This process, which involved preparation of a full Environmental Impact Statement (EIS), included a geographic definition of the spill-impact region. (A copy of the *Restoration Plan* is enclosed for your reference.)

Public involvement during development of the *Restoration Plan* generated an enormous volume of public comment. One of the issues posed for public consideration was whether restoration actions should take place in the spill area only or include areas outside the spill region. Roughly two-thirds of all those who commented on this issue favored limiting restoration actions to the spill area. Support for this view was even stronger within the spill area where three-quarters of those who commented indicated that they wanted to see restoration actions limited to the spill-area.

In the *Restoration Plan* a formal policy was adopted regarding the location of restoration actions: "Restoration activities will occur primarily within the spill area. Limited restoration activities outside the spill area, but within Alaska, may be considered under the following conditions: when *the most effective restoration actions for an injured population* are in a part of its range outside the spill area; or when the information acquired from *research and monitoring activities* outside the spill area will be significant for restoration or understanding injuries within the spill area." (*Restoration Plan*, p. 14, emphasis added.)

Federal Trustees

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

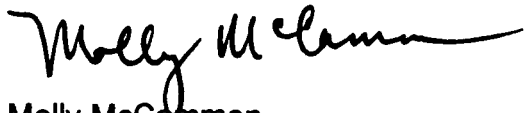
State Trustees

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Alaska Department of Law

To date, the Trustee Council has not authorized the purchase of any lands outside the spill area. In response to public comment urging consideration of protecting lands in the eastern Copper River Delta, however, the U.S. Forest Service, as an individual agency and the principal public land manager for the region, has indicated a willingness to further examine this issue.

Again, thank you for providing your comment. Please know that a copy of your letter will be provided to each of the Trustee Council members.

Sincerely,

A handwritten signature in black ink, reading "Molly McCammon". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Molly McCammon
Executive Director

enclosure

cc: Jim Wolfe

Dear Ms. McCammon:

I am a fisherman living and working in the Cordova area.

When I was younger and came up to Alaska on halibut schooners the old timers would say "Look lads, there's the gates to Halibut Heaven!" Those yearly gates were, of course, Cape St. Elias. Although we were always far offshore, one could still look inward and see the cleft in the mountains where the Copper River undoubtedly ran, and through the ever present clouds, mountains and rivers without end. Even then we knew that once past the Cape this was a distinct ecosystem.

Now you have the choice of including the Carbon Hills as part of PWS and hence available for restoration funds under EVOS. I would heartily agree with this. The entire ecosystem is unique, from the Bering Glacier that surges every 25 years, to the wandering nomad bay, to me floundering through devils club and slide

alder thickets, this area is worthy
of further study and protection. Please
purchase the surface & subsurface
 easments for the Chugach Native
 Properties!!!

Yours,

Peter Zachary

gen. del.

Cordova, AK 99574

907 - 424 - 5775

To

Exxon Valdez Oil Spill
Trustee Council

40 Molly McCammon
907-276-7178

FROM:

Peter Zachara

you need a form
response packet
sent

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon
Executive Director

DATE: July 13, 1998

RE: Review of GAO audit

Attached is the final draft of the Government Accounting Office report on the Exxon Valdez Oil Spill Trustee Council. I have been asked to coordinate the Council's comments on this report and to provide them to the GAO by Friday, July 17. To facilitate this, I will provide an initial draft for your review no later than close of business Tuesday, July 14. I would appreciate your comments on that draft back to me by Thursday, July 16, although anything sooner would be greatly appreciated. I would like to have our comments reflect those of the entire Council to the extent possible. However, if either government, or individual trustees, have specific concerns, these can be so noted. Thanks for your help.

Federal Trustees

U.S. Department of the Interior
U.S. Department of Agriculture
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State Trustees

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

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



FAX COVER SHEET

FAX COMPLETE

To: Traci Number: 00

From: Sam for Date: July 13, 1998

Comments: molly Total Pages: 45

Please hand deliver to:

Frank Rue

Michele Brown

Steve Pennoyer

Jim Wolfe

Thanks

HARD COPY TO FOLLOW _____

Document Sent By: _____

3/27/96

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	1736
CONNECTION TEL	19075867589
CONNECTION ID	JUNEAU OFFICE
START TIME	07/13 08:55
USAGE TIME	14'02
PAGES	33
RESULT	OK

*** ACTIVITY REPORT ***

TRANSMISSION OK

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CONNECTION ID	JUNEAU OFFICE
START TIME	07/13 08:49
USAGE TIME	05'07
PAGES	12
RESULT	OK



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-280449

July 10, 1998

Ms. Molly McCammon
Executive Director
Exxon Valdez Oil Spill Trustee Council
Restoration Office
645 G Street, Suite 401
Anchorage, Alaska 99501-3451

Dear Ms. McCammon:

Enclosed for your review and comment are 2 copies of our draft report entitled NATURAL RESOURCES RESTORATION: Status of Payments and Use of Exxon Valdez Oil Spill Settlement Funds (GAO/RCED-98-236).

We are furnishing these drafts for review and comment by the Trustee Council before the report is issued in final form. Your written comments should be provided to us no later than July 17, 1998. Alternatively, if you prefer to provide oral comments, we can meet with you and members of the Trustee Council in conference to obtain the council's comments.

As the report cover states, the report's use is restricted, and it should be safeguarded to prevent duplication and/or other improper disclosure. The draft and all copies remain the property of, and must be returned on demand to, the General Accounting Office.

If you have any questions, please contact Mr. Chester Janik at (202) 512-6508 or Mr. Sterling Leibenguth at (206) 287-4866.

Sincerely yours,

Barry T. Hill
Associate Director, Energy
Resources, and Science Issues

Enclosures - 2

GAO

Draft Report to Chairman, Committee on
Energy and Natural Resources, U.S.
Senate

August 1998

NATURAL
RESOURCES
RESTORATION

Status of Payments
and Use of Exxon
Valdez Oil Spill
Settlement Funds

Notice:

This draft is restricted to official use.

This draft report is being provided to obtain advance review and comment from those with responsibility for the subjects it discusses. It has not been fully reviewed within GAO and is, therefore, subject to revision.

Recipients of this draft must not, under any circumstances, show or release its contents for purposes other than official review and comment. It must be safeguarded to prevent publication or other improper disclosure of the information it contains. This draft and all copies of it remain the property of, and must be returned on demand to, the General Accounting Office.

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B-280449

The Honorable Frank H. Murkowski
Chairman
Committee on Energy and Natural Resources
United States Senate

Dear Mr. Chairman:

In 1989, the Exxon Valdez oil spill contaminated Alaska's southcentral coastline, including portions of national wildlife refuges, national and state parks, a national forest, and a state game sanctuary. The spill killed or injured an estimated 300,000 sea birds, thousands of marine mammals, and large numbers of salmon and other fish, and disrupted the ecosystem in its path. In October 1991, the U.S. District Court for the District of Alaska approved civil and criminal settlements between Exxon and the federal government and the state of Alaska. Exxon agreed to pay a total of \$900 million in civil claims in 11 annual payments and a total of \$125 million for alleged criminal penalties.¹ In August 1991, the federal government and the state of Alaska signed a memorandum of agreement to administer the \$900 million civil settlement. This memorandum established a six-member federal/state trusteeship to review and approve expenditures of the civil settlement funds. Later, this trusteeship became the Trustee Council.

Because of the historic nature of this settlement and your concern that settlement funds be used effectively to restore injured and damaged resources caused by the spill, you asked us to determine (1) how much Exxon had paid, to whom the funds had been disbursed, and how the money had been used; (2) whether the Trustee Council has funded activities that may not be consistent with the agreement and the Council's

¹Of the \$125 million, \$25 million represents a criminal fine and \$100 million represents restitution for the impact of the violations. However, the Trustee Council has no control over the \$125 million. As a result, we excluded the criminal fine and restitution payment from the scope of our review.

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implementing policies; (3) how the prices paid for land acquisitions compare with government land appraisals; (4) if the public participation process for the habitat acquisition program is similar to that used for other restoration actions; and (5) whether the trust funds are being managed to maximize the overall returns. This report is a follow up to our 1993 report on the use of Exxon Valdez oil spill settlement funds in which we raised a number of issues that needed attention to assure that the \$900 million in civil payments would be expended as intended.²

Our analysis covers payments received and moneys expended through the end of fiscal year 1997. We chose this cut-off date because Exxon's payment for fiscal year 1998 would not be received until after our work was done and because a cut-off at fiscal year-end provided the most accurate fiscal information.

RESULTS IN BRIEF

Through the end of fiscal year 1997, Exxon had made settlement payments of \$620 million. Of this amount, \$521 million has been reimbursed or disbursed for various activities. These funds were to (1) reimburse agencies or credit Exxon for oil spill cleanup or damage assessment costs (\$198 million);³ (2) buy land to protect or enhance damaged resources (\$187 million); (3) conduct monitoring, research, or restoration projects (\$116 million); and (4) provide administrative, public information and related costs (\$20 million). The remaining \$99 million represent funds not yet disbursed. These

²Natural Resources Restoration: Use of Exxon Valdez Oil Spill Settlement Funds (GAO/RCED-93-206BR, Aug. 20, 1993).

³Of this \$198 million, \$40 million represents a credit to Exxon and \$158 million represents funds reimbursed to federal and state agencies. Both the credit and reimbursement were called for in the memorandum of agreement and, therefore, the council had no control over these expenditures.

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funds have either been placed in a special reserve account for future disbursements or have not yet been allocated.

Most of the activities funded by the Trustee Council appear consistent with the terms of the Memorandum of Agreement and the council's implementing policies. To make this determination, we reviewed approved activities for the three primary restoration tools used to help restore damaged resources to their pre-spill condition—habitat acquisition, general restoration, and monitoring and research. We found that all of the activities that dealt with habitat acquisition and general restoration and most research and monitoring activities appeared consistent with the agreement and restoration plan in that they were linked to the oil spill, limited to restoration of natural resources in Alaska, and included in the types of restoration activities specified in the memorandum of agreement between the federal government and the state of Alaska. However, a few monitoring and research projects have been funded even though they have questionable linkage to the spill or run counter to the Trustee Council's policy of not funding projects that would normally be funded by a federal or state agency as part of their mission.

The Trustee Council has paid about 64 percent above government-appraised value for the lands it has acquired. Nearly all the amount paid above the government-appraised value is a result of five large parcel acquisitions. For these five acquisitions, involving about 360,000 acres bought outright or containing some type of easement, the council paid between 2 to almost 4 times the government-appraised value. In valuing land under the government and industry appraisal standards, the appraisers are required to place a value on the land on the basis of highest and best use. Because these five parcels did not have any single specific commercial best use, the appraisers generally determined that the highest and best use was speculation and thus valued the land at a relatively low price that the sellers were unwilling to accept. The four other large parcel acquisitions, totaling about 94,000 acres, contained timber resources, and the government appraisers valued the

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land on the basis of timber being the highest and best use. The sellers generally agreed with these appraisals, and the council paid near government-appraisal value for these four parcels.

The public participation process followed by the Trustee Council for acquiring land is similar to the process followed for decisions on other restoration activities, such as monitoring, research, and general restoration projects. Both follow public input and information actions specified in the restoration plan. We found that the council's processes for both habitat acquisition and other restoration activities appear to provide ample opportunities for the public to review information and provide comment.

The Trustee Council's independent auditors have identified two major opportunities for increasing returns on settlement funds. Settlement funds awaiting disbursement are currently deposited in an interest-earning account that is part of a cash management system utilized for district and bankruptcy court settlements. One opportunity for increasing returns is to transfer funds electronically when they are disbursed from this account into interest-bearing federal and state accounts. The auditors estimated that about \$242,000 in interest income was lost for the 3-year period fiscal year 1995 through 1997 because electronic transfer was not available. The second opportunity for increased returns is to move the account from the current cash management system, which has relatively high management fees, into some other account charging lower fees. The Trustee Council accrued more than \$439,000 in such fees in fiscal year 1997. The council's administrative officer stated that similar management services could be obtained elsewhere for as little as \$24,000 per year. According to the Department of Justice, legislation could be enacted to authorize the deposit of such funds into other accounts outside the court and the U.S. Treasury, provided the court gives approval for the federal government and the state of Alaska to do so.

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BACKGROUND

The March 23, 1989, Exxon Valdez oil spill in Alaska's Prince William Sound was the largest oil spill in U.S. history, contaminating about 1,500 miles of Alaska's coastline. A map depicting the area affected is included as appendix I. Under a civil settlement agreement approved in the U.S. District Court for the District of Alaska in October 1991, Exxon agreed to pay civil claims totaling \$900 million to the federal government and the state of Alaska by September 1, 2001⁴. Under a criminal settlement reached at the same time, Exxon agreed to pay the federal government and the state of Alaska each \$50 million as remedial and compensatory payments to be used exclusively for restoring natural resources damaged by the spill.

Administration of the civil settlement is carried out under a memorandum of agreement between the federal government and the state of Alaska. The agreement established a six-member federal/state trusteeship which later became the Trustee Council to review and approve expenditures of civil settlement funds for restoration projects.⁵ The three federal trustees are the Secretary of the Interior, the Secretary of Agriculture, and the Administrator of the National Oceanic and Atmospheric Administration, Department of Commerce, or their representatives. The three state trustees are the Commissioner of the State Department of Environmental Conservation, the Commissioner of the State Department of Fish and Game, and the Attorney General for the state of Alaska, or their representatives. A staff headed by an executive director conducts day-to-day activities.

⁴The settlement agreement with Exxon also has a provision that allows the governments to claim up to an additional \$100 million between 2002 and 2006 for projects to restore populations, habitats, or species that had suffered a substantial loss or decline not anticipated on the effective date of the settlement.

⁵The Council's official name is the Exxon Valdez Oil Spill Trustee Council.

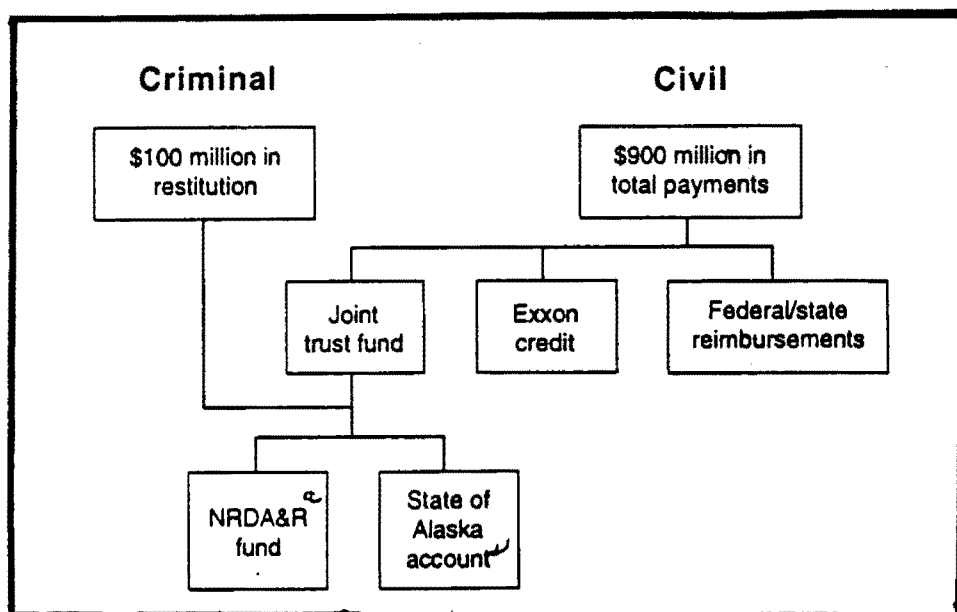
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Under the agreement, Exxon's civil settlement payments flow to three areas. The first two are to reimburse federal and state agencies for past spill-related work and a credit to Exxon for the reimbursement of agreed-upon cleanup performed following the spill. These reimbursements go directly to the United States and Alaska, and the Exxon credit was treated as a reduction in one of Exxon's payments. The reimbursements and credit were called for in the memorandum of agreement and, therefore, the council had no control over these payments. The remainder of Exxon's payments are deposited into a joint federal/state trust fund under the jurisdiction of the U.S. district court system. This trust fund is currently an interest-bearing account within the Court Registry Investment System (CRIS), a system utilized for U.S. district court settlements. To release any of these funds, the federal and state trustees must petition the court to make the funds available for the purposes and activities specified in the settlement agreement and the memorandum of agreement. For the most part, federal agencies in Alaska and Alaska state agencies responsible for the management of the land and species within the spill area take the lead in carrying out restoration activities. For restoration activities that are to be carried out by federal agencies, funds are transferred to an interest-bearing account of the Department of the Interior, where they are transferred to specific agency accounts as needed. For restoration activities to be carried out by the state, funds are deposited in a state trust fund, from which they are drawn directly by state agencies following an appropriation from the State Legislature. Figure 1 shows the flow of Exxon settlement payments and fund distributions.

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Figure 1: Exxon Settlement Payments and Fund Distributions



^aNatural Resource, Damage Assessment and Restoration Fund

Decisions about the types of restoration activities to fund with civil settlement payments are governed by the agreement and a council-developed restoration plan which was the subject of substantial public comment. The plan calls for public participation in all Council decisions and identifies five categories of restoration activities. (See table 1.)

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Table 1: Restoration Activities Listed in the Council's Restoration Plan

Category	Examples of activities
Monitoring and research	Studies to understand how to accomplish restoration more effectively and surveys to determine population trends and gauge the status of recovery
General restoration	Projects to protect archaeological resources, build fish passages to restore fish populations, and reduce pollution by cleaning up oil
Habitat acquisition	Acquiring fee title or conservation easements on land important to the recovery of fish and wildlife
Administration	Day-to-day operations of the council, including scientific peer review, public meetings, public information, and outreach
Restoration reserve	Reserve savings account to fund future restoration projects after the last Exxon payment is received in 2001

The first three categories primarily involve activities to help restore damaged resources to their pre-spill condition. The two remaining categories cover the council's general administration and the provision of funds once the Exxon payments end. The restoration plan emphasizes the need for studies to adhere to high scientific standards and address any injured resources and services in the spill area, with emphasis on those which have not yet recovered. The plan also states that government agencies will be funded only for restoration projects that the agencies would not have conducted had the spill not occurred, or in other words, normal agency management activities.

In August 1993, we reported on the use of Exxon Valdez oil spill settlements funds and raised a number of issues that needed attention to ensure that the funds were expended as intended. Among other things, we recommended that restoration and land acquisition plans be completed to provide direction for restoration planning in the oil spill area, increasing open competition for restoration projects to encourage nongovernment participation, and improving internal controls to better track expenditures and

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management controls to ensure expenditure decisions are reached objectively. By July 6, 1995, the council had taken steps to address all our recommendations.

STATUS OF CIVIL SETTLEMENT PAYMENTS, ACTIVITIES FUNDED, AND DISTRIBUTION OF FUNDS

As of September 30, 1997, Exxon had made seven annual settlement payments totaling \$620 million. To complete its commitment, Exxon will need to make four additional annual payments totaling \$280 million by September 2001. Most of the money disbursed through September 30, 1997, was used to (1) reimburse federal and state agencies for cleaning up the oil spill and assessing oil spill damage, (2) reimburse Exxon through a credit for cleanup work, (3) acquire habitat to protect resources damaged by the spill, and (4) fund monitoring, research, and restoration projects.

Through Fiscal Year 1997,

Payments Totaled \$620 Million

Exxon's civil payments during the first 3 years of the period were for \$90 million, \$150 million, and \$100 million; annual payments since then have been for \$70 million each. The remaining four payments are also scheduled to be \$70 million each.

Almost Two-Thirds of Payments Made to Date

Have Been Used for Cleanup or Habitat Acquisition

As of September 30, 1997, \$198 million, or 32 percent, of the amount paid by Exxon had been used to reimburse federal and state agencies for oil spill cleanup or damage assessment or to credit Exxon for similar work the company had done itself. Another \$187 million, or 30 percent, went to acquire habitat or purchase easements to restore

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resources damaged by the spill. The remaining 38 percent went for monitoring and research, general restoration, administration, was deposited in the future restoration reserve, or funds not yet allocated as of September 30, 1997. Table 2 shows the distribution of the settlement payments.

Table 2: Distribution of the Exxon Civil Settlement Payments Made Through Fiscal Year 1997

Dollars in millions

Use of funds	Amount	Percent of total
Reimbursement to federal/state agencies	\$158	26
Credit to Exxon for cleanup	40	6
Monitoring and research	90	15
General restoration	26	4
Habitat acquisition	187	30
Science management/public information/administration	20	3
Restoration reserve	48	8
Funds not yet disbursed	51	8
Total	\$620	100

Nearly One-Half of the Remaining Funds

Is Targeted for Habitat Acquisition

The Trustee Council has not finalized decisions on the uses of the four remaining payments. According to the Council's Executive Director, however, it has estimated how

these funds are likely to be used, based on past experience, ongoing negotiations and offers for additional land acquisitions, and annual goals and objectives. The council expects that about \$129 million of the \$280 million, or slightly less than half, will likely be targeted for habitat acquisition. Of the remaining \$151 million not designated for habitat acquisition, about \$65 million will likely be used for monitoring and research and general restoration projects, and the rest will be used for outstanding reimbursements to the state, administration and public information, and the future restoration reserve. Table 3 shows the estimated distribution of Exxon's final four payments.

Table 3: Estimated Distribution of Future Exxon Civil Settlement Payments

Dollars in millions

Use of funds	Amount	Percent of Total ^a
Monitoring and research	\$51	18
General restoration	14	5
Habitat acquisition	129	46
Reimbursements to state agencies	15	5
Administration/public information	11	4
Restoration reserve	60	21
Total	\$280	99

^aTotals may not add because of rounding.

Most Settlement Funds Were Distributed to Federal Agencies and Alaska

Of the \$620 million in payments, \$481 million had been distributed as of September 30, 1997 for either reimbursements for spill-related expenses or council-approved projects.

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In addition, \$40 million was applied as a credit to Exxon for cleanup expenses. Of the \$481 million distributed, federal agencies received \$222 million and the state of Alaska received \$259 million. These distributions can be further divided by activity type as follows:

- Reimbursements for spill-related expenses. As shown in table 2, a total of \$158 million went to the federal government and Alaska to reimburse agencies for costs incurred during oil spill cleanup and damage assessment efforts. The federal government received \$69 million, or 44 percent, and Alaska received \$90 million, or 56 percent. An additional \$40 million represents a credit to Exxon for cleanup expenses. This credit was applied to one of the Exxon payments.

- Council-approved projects. The Trustee Council approved the disbursement of \$323 million for the restoration activities called for in the memorandum of agreement and restoration plan. Of this amount, the federal government received \$153 million, or 47 percent, and Alaska received \$170 million, or 53 percent. Appendix II provides a summary of the civil settlement funds received by federal agencies and Alaska through September 30, 1997.

- Balance. About \$99 million of Exxon's payments through September 30, 1997, had not been disbursed. This amount included four annual deposits of \$12 million for a total of \$48 million to the future restoration reserve savings account, and a fund balance of \$51 million that had not been allocated to any specific activity as of September 30, 1997.

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MOST FUNDED ACTIVITIES ARE CONSISTENT WITH THE AGREEMENT AND RESTORATION PLAN, BUT SOME EXCEPTIONS PERSIST

For the most part, the approved restoration activities funded by the Trustee Council—habitat acquisition, general restoration, and monitoring and research—appear consistent with the agreement and the policies in the restoration plan. However, a few research projects that were approved may not be consistent with one of two policies contained in the restoration plan: (1) projects should be clearly linked to the oil spill and (2) approved projects should not be ones that would be funded under normal agency mission activities. The council has attempted to clarify its policies in an effort to eliminate funding of projects with questionable links to the oil spill. A few projects with questionable links, however, continue to be funded.

Most Activities Were Linked to Restoring Resources and Services Damaged by the Oil Spill

We found that nearly all disbursements by the Trustee Council were consistent with the memorandum of agreement and policies set forth in the restoration plan. The memorandum of agreement states that funds be used for restoring, replacing, enhancing, or acquiring the equivalent of natural resources damaged and the reduced or lost services provided by such resources; the funds be spent on natural resources in Alaska; and be spent as a result of the oil spill. The restoration plan provides the policy guidance in implementing the memorandum of agreement as well as providing guidance on funding projects that may be normal agency management activities.

For the habitat acquisition activities, we reviewed the nine large parcel purchases and found that they were located in the oil spill area and were purchased to either help or

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enhance damaged resources. On the basis of our review of the approved work plans for the 3-year period fiscal years 1995 through 1997 and discussions with the council's Chief Scientist, we found that the monitoring and research and general restoration projects fell within the definition of the categories in the restoration plan, adhered to high scientific standards, and addressed injured resources and services in the spill area, focusing on those not yet recovered.

Some Projects Appear Questionable

Although most projects appear to be in keeping with the council's policies, some appear questionable and have generated disagreement in the review and approval process. During our review of the work plans, we noted that the council continued to fund sockeye salmon and killer whale projects that we identified in our 1993 report as either questionably linked to the oil spill or duplicated existing responsibilities of federal or state agencies. Parties involved in the review process have disagreed about whether these studies fall within the restoration plan. As part of the review process, a scientific peer review is conducted. The peer review is headed by the council's Chief Scientist, who involves other reviewers as necessary. According to the Chief Scientist, the peer reviewers have suggested that the council closeout or not fund the multiyear sockeye salmon projects each year following the 1995 work plan. The peer reviewers' reasons for not funding the project include that (1) sockeye stock assessments and products proposed by the study are routinely required by Alaska harvest management programs, (2) restoration objectives have been thoroughly achieved and no further study is needed, and (3) the program should be taken over by the Alaska fish and game department as part of its normal management responsibilities. The work plans for each of the 3 years we reviewed indicated that the council took action to curtail the scope of projects or reduce funding, or phase them out as a result of science and peer review recommendations but continued funding through 1997 at a total cost of \$3.5 million since our report in 1993.

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The Chief Scientist also said that there were a few other projects approved and funded since the early sockeye and killer whale studies that were not supported by peer review. For example, a 4-year project started in 1995 at a total cost of \$1.3 million was approved to examine the effects of oil exposure during embryonic development on the return rate of pink salmon. The Chief Scientist said the work on the project is being conducted well outside the spill area—in Southeast Alaska—which is not inconsistent with the terms of the settlement. However, the restoration plan requires that research information acquired outside the spill area must be significant for restoration or understanding injuries within the spill area. Although the project's multiple objectives call for relating the results of the study to Prince William Sound, the Chief Scientist said it will be difficult to project the results related to one of the project's objectives because the pink salmon being studied are not genetically the same as pink salmon in Prince William Sound.

Policy Regarding Support of Agency

Mission Activities Remains Unclear

The Trustee Council developed the restoration plan in 1994 partly in response to our earlier report, which found that guidance for approving projects was insufficient. Although the plan fixed many of the problems we noted, guidance on projects that might be normal agency management activities remains unclear. The plan states that restoration funds should not be used to support normal agency management activities and that the council will consider agency authorities and the historic level of agency activity to determine whether work would have been conducted had the spill not occurred. We asked the council's Executive Director and its Chief Scientist to define the language in the policy concerning agency authorities and the historic level of agency activities. According to the Executive Director, the council could fund projects linked to the oil spill that would normally be part of the agency's mission but have not been funded in the past.

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The Chief Scientist said that the council could fund projects linked to the oil spill that are not a high priority for the agency.

Since 1995, the Trustee Council and the Public Advisory Group—a 17-member group that represents various public interests—have expressed concern that the policy against funding normal agency mission activities is not clear enough and requested that criteria be developed to identify normal agency activities to ensure that they would be eliminated from annual work plans. These criteria would be valuable information for reviewers because for many projects being considered for funding in the work plan, the final determination comes down to a case-by-case judgment based on a knowledge of the agencies' existing missions and activities. Although the Public Advisory Group and the council have considered additional criteria in determining normal agency management activities, additional criteria satisfactory to both the Public Advisory Group and the council has not been agreed to. We realize that developing criteria to identify whether each project funded is part of normal agency activities is extremely difficult. However, as the years pass, determining the direct impact of the oil spill becomes less clear and thus differentiating normal agency activities from the oil spill-related activities will become increasingly difficult. This is especially true if the future reserve account is set up as an endowment and all of the available funding comes from annual investment income generated from the reserve account and is used almost entirely for research and monitoring and general restoration projects. Therefore, it is important that the Council continue its efforts to determine on a case-by-case basis if projects requesting funding are part of normal agency activities.

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LAND ACQUISITION PRICES ARE OFTEN HIGHER THAN GOVERNMENT-APPRAISED VALUE

Five of the Council's nine large parcel land acquisitions have involved paying between 2 to almost 4 times the federal government-appraised value for the land. Because government and industry appraisal standards require that land be valued on the basis of highest and best use, the appraisers generally determined that the highest and best use of these five large parcels was for speculation purposes and thus they were valued at relative low prices. However, the landowners— generally Alaskan Native corporations⁶— were unwilling to accept the government's appraised-value offers. The appraisers representing the sellers of these parcels valued the land much higher because they contended the land contained multiple resources and had development potential. The council, desiring to permanently protect the habitat value of these lands, agreed to pay a higher price. For lands with timber, the sellers generally agreed with the government's appraisals and that the prices paid by the government were at or near government-appraised value.

Status of Land Acquisitions

The Trustee Council has identified land acquisition as a principal tool of restoration because it helps minimize further damage to resources and services by protecting the land from development, which allows recovery to continue with the least interference and is consistent with public comments received on the restoration plan. Land acquisition may

⁶The Alaska Native Claims Settlement Act of 1971 was enacted to settle land claims made by various Alaskan native groups. The act provided for the establishment of 13 regional native corporations and about 200 village native corporations to manage the money and lands offered in the settlement. As a result of the act, several regional and village corporations owned large parcels of land in Prince William Sound, along the southcentral coast of Alaska, and on Kodiak and Afognok Islands that were impacted by the oil spill.

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include purchase of fee title or restrictive interest, such as short-term or perpetual conservation easements and timber rights. In 1992 and 1993, the council evaluated nearly 1 million acres of land in the spill area for their restoration value. These lands were made up of blocks, or parcels, that (1) included large parcels with potential habitat conducive to aiding the recovery of wildlife injured or damaged by the spill; and either (2) were identified as immediately threatened by development activity, such as logging or (3) included small parcels (less than 1,000 acres) that had been nominated by owners willing to sell. These lands were evaluated and ranked according to the benefits the protection would provide to resources injured by the spill. Beginning in early 1994, the council began working with willing landowners to develop a list of parcels important to the recovery of injured resources and initiated action to develop a standardized appraisal process to determine a market value for the land interest being acquired.

Through the end of fiscal year 1997, the council had completed actions to acquire about 456,000 acres of land in fee simple and in easements in the spill area at an overall cost of \$265 million.⁷ Almost all of the acreage was acquired through purchase of nine large parcels valued at \$150 million under government appraisal methods. The council, however, paid \$246 million, or 64 percent more.⁸ Table 4 compares the prices paid for the nine parcels and the government-appraised value determined through the approved appraisal process.

⁷The \$265 million overall cost to acquire lands includes \$187 million disbursed for habitat acquisitions completed by the council as of September 30, 1997, \$32 million in future installment payments for acquisitions completed, and \$46 million contributed from the criminal settlement funds to supplement civil settlement funds.

⁸The other \$19 million (\$265 million less \$246 million) represents the acquisition price for 27 small parcels totaling 3,600 acres, along with acquisition costs such as appraisals.

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Table 4: Comparison Between Prices Paid and Government-Appraised Values for Completed Large Parcel Acquisitions

Dollars in millions

Completed acquisitions	Government appraisal	Price paid for parcel	Difference between appraisal and purchase price
Akhiok-Kaguyak, Inc.	\$22	\$46	\$24
Koniag	8 ^a	29	21
Old Harbor	4	15	11
Chenega	15 ^b	34	19
English Bay	4	15	11
Kachemak Bay	20	22	2
Orca Narrows	3	3	1
Seal Bay	41	40	-1
Shuyak Island	33	42 ^c	9
Total	\$150	\$246	\$96

Source: Exxon Valdez Oil Spill Trust Council Restoration Office

^aThis is a GAO-computed adjusted value. The original government contracted appraisal value was estimated at \$15 million on the basis of acquiring a total of about 118,000 acres, all fee simple. However, only about 60,000 acres were acquired in fee simple, with the remainder consisting of a limited easement. We, therefore, reduced the original appraisal estimate to reflect the reduction.

^bThis is a revised appraisal value. The original government contracted appraisal value was estimated at \$9 million. Government review appraisers revised the appraisal to reflect an additional \$6 million in timber value not included in the original contract appraisal.

^cPrice paid includes the appraised--single cash payment--value plus interest on the unpaid balance resulting from an agreement to pay for the land in annual installments over several years.

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In addition to the nine large parcels, the council has acquired 27 small parcels of land and is in the process of acquiring a number of other large and small parcels but has not finalized the sales. The status of the council's habitat acquisition program is shown in appendix III.

Disagreement About Land Values

Centered on Lands With No

Commercial Resources

Nearly all of the amount paid above government-appraised value was for five parcels that contained little or no single commodity of commercial value, such as timber or minerals. As shown in table 4, together, these five parcels sold for \$139 million, compared with a government-appraised value of \$53 million. Under government and industry appraisal standards, which require land to be appraised at its "highest and best use," where there was no commodity of commercial value, the appraisers generally determined that the land's price should be based on its value as speculative property, which usually results in a lower value than land with a commodity or commercial value. This process resulted in government-appraised values that the sellers were unwilling to accept because the sellers' appraisers valued the land at much higher prices on the basis of its purported multiple resources and development potential. By contrast, for the four parcels in which timber was an identifiable commercial commodity, the price paid by the government was at or near the government-appraised value because the sellers agreed with the commercial market value estimated by the government's appraisers.

To determine why the government paid more than government-appraised value in these five instances, we selected three parcels to examine in more detail. We selected these parcels because they were all located on the same island and within close proximity to each other, which minimized the travel time and cost needed to visit them. Our purpose

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in analyzing these transactions was to determine why the council paid more than the government-appraised price; we did not review and evaluate the appraisal processes or the assumptions used to determine the appraised values on either the government's or seller's side. The three parcels—Akhiok-Kaguyak, Koniag, and Old Harbor—are on the south end of Kodiak Island, a sparsely populated island comprising 3,620 square miles and containing mountains, alpine lakes and some 400 rivers and streams providing a world-class habitat for salmon and about 3,000 Kodiak brown bears. Two-thirds of the island is a federal wildlife refuge. The three parcels represent more than one-half of the total acreage acquired by the council and about one-third of the total acquisition cost. The council paid 2-1/2 times the government appraisal value for these three large parcels—about \$90 million, compared with an appraised value of \$34 million. The eventual purchase price was determined through negotiations between the council's authorized negotiators and the sellers.

We discussed the appraisal process with the appraiser who conducted the government appraisals, reviewers who verified the appraisals, lawyers and corporate officials who represent two of the native corporation landowners, and trustee council officials. Their comments reflect widely different perspectives about the value of the land.

- The contract appraiser for the federal government and the government appraisers who reviewed the appraisal said the government-appraised values were based on federal appraisal standards for valuing such property⁹ and represented fair market value for the land. The overall conclusion of the appraisal reports was that the land held little economic value, that the single and best use of these lands was to hold for speculation, and assigned a value of about \$8 million for Koniag lands,

⁹Uniform Appraisal Standards for Federal Land Acquisitions, Interagency Land Acquisition Conference (1992).

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about \$4 million for the Old Harbor lands, and about \$22 million for the Akhiok-Kaguyak lands.

- The sellers said that under no circumstances were they willing to accept the government's appraised value as the fair market value for the land. They conducted their own appraisals, which identified the highest and best use as commercial activities and conservation management, and established a value of about \$50 million for the Koniag lands, \$19 million for the Old Harbor lands, and \$88 million for the Akhiok-Kaguyak lands. The basis for these appraisal values was that the land contained multiple resources, such as rivers, lakes, world-class salmon, as well as its developmental potential. Government appraisers said under the Uniform Appraisal Standards for Federal Land Acquisition they were prevented from using noneconomic-value factors in appraisals.

When the native corporations rejected the Trustee Council's appraised price, the council's negotiators began negotiations with the corporations to establish an agreed-upon price for the lands. These agreed on prices were \$29 million for Koniag, \$15 million for Old Harbor, and \$46 million for Akhiok-Kaguyak. The final prices represented a higher amount than the government-appraised value and a lower amount than the appraisal amounts provided by the native corporations. According to council resolutions confirming the agreements reached with the native corporations, the council believed it was appropriate to pay more than the government-appraised value for these particular parcels because the land provided exceptional habitat for promoting recovery of natural resources and because the council wanted to prevent any possible degradation of this habitat.

The three parcels were originally part of the national wildlife refuge prior to being selected by the native corporations in the 1970's. Each of the deeds for these parcels

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contain two conditions relating to the sale and use of these lands which appear to provide a degree of protection over development and some restrictions on how the land can be used. First, if the land was ever sold, the United States had the right of first refusal. This means the United States could buy the lands being sold for the price a willing buyer is promising to pay. Second, the lands were subject to the laws and regulations governing the use and development of the refuge.¹⁰ However, Interior officials believe these protections and restrictions are difficult to act upon. For example, the federal appropriations process makes it generally impossible to exercise the right of first refusal, because funds must be available to match a sale price within 120 days. Second, some "compatible" use and development is permitted in refuges, and enforcement of prohibitions against uses and development deemed noncompatible is difficult because compatible has never been defined in federal regulations. Interior officials believe that the acquisitions provided a degree of protection and public access not available under the regulatory process.

PUBLIC PARTICIPATION PROCESS FOR LAND ACQUISITION SIMILAR TO THE PROCESS FOR OTHER RESTORATION ACTIVITIES

The public participation processes followed by the Trustee Council for acquiring land and approving other restoration activities such as monitoring, research, and general restoration projects are similar. Each follows the guidance in the restoration plan, which calls for meaningful public participation at all levels of the decision process. Public involvement in council decisions on monitoring and research and general restoration

¹⁰These provisions were contained within the Alaska Native Claims Settlement Act of 1971, the law under which the native corporations had become owners of these parcels. Under this law, Alaska natives received the right to select lands in settlement of their aboriginal claims upon the land. A provision in the law required native corporations to select lands near their native villages. All the land near native villages on the southwest end of Kodiak Island was already within the existing Kodiak National Wildlife Refuge.

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projects are linked to an annual work plan cycle with distinct and predictable opportunities for public input. However, public involvement in council decisions on land acquisitions depends on negotiations between buyer and seller with less predictable opportunities for public input. Given these distinctions, we found that the council provides adequate and ample opportunity for public review and comment for both land acquisition decisions and for restoration projects.

Public Participation Process for All Restoration Activities Follows Guidance in the Restoration Plan

The 1994 restoration plan developed by the Trustee Council emphasizes a commitment to include meaningful public participation in all restoration activities. To meet this objective, the Trustee Council has taken steps to involve the public in council decisions by (1) opening most meetings to the public; (2) including a public comment period during meetings that are usually linked by telephone to sites in the spill area; (3) making transcripts of the meetings and providing them to libraries throughout the state; and (4) publishing and disseminating documents proposing monitoring, research, general restoration, and land acquisitions for public review and comment before council decisions are finalized. In deciding on monitoring, research, and general restoration projects, the council follows an annual planning process that includes a public call for project proposals, the review of proposals by the Chief Scientist and peer reviewers, a draft plan distributed for public comment, a public hearing on the draft plan and review by the Public Advisory Group, and final selection of projects to be funded for the year. The process has a beginning point and an end point, and the dates for each milestone are published and made available to the public. In contrast, council decisions on land acquisition do not follow an annual cycle. For example, while the council has published a list of lands under consideration for acquisition within the oil spill area, there is no

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timetable for decision points that are dependent on variables such as the completion of appraisals and negotiations with the sellers.

Numerous Opportunities Provided for Public Review and Comment Regarding Land Acquisitions

The Trustee Council disseminates information about the status of land acquisitions and solicits public input about acquisitions being negotiated or considered in a number of ways. The council highlights land acquisition status and future actions in numerous publications available to the public including a "Restoration Update Newsletter"—published six times per year since 1994; an annual status report to the public; and the annual "Work Plans" which contain a segment on land acquisitions. All of these publications are available in the state library system, and the council has recently added a web site on the internet that provides summary information about land acquisition. In addition, according to the Executive Director, land acquisition status is included as an agenda item at most council meetings which are open to the public. The agendas are advertised in advance in newspapers and on the radio, and time during the meetings is devoted to hearing public comment on planned land acquisition actions. In addition, once the council approves an offer made to acquire land, there are additional opportunities for public review and comment before the acquisition is finalized, which usually takes an additional 3 to 4 months to draft and sign a purchase agreement, clear land title and close the deal. Also, where land title goes to the state, the Alaska legislature must approve the acquisition, and these meetings are publicly noticed and are open for public comment. In those instances where title goes to a federal agency, the Alaska congressional delegation staff are briefed by council staff or by representatives of Interior or Agriculture—the two federal agencies that sponsor various land acquisitions and that eventually take title to the acquired lands.

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In addition to the public participation opportunities provided through Trustee Council publications and public meetings, additional opportunities exist for public input. For example, most of the large parcel land acquisitions involve native corporations that answer to shareholders. According to the attorneys for one of the native corporations, state law requires that anytime a native corporation sells or disposes of a "substantial" share of its assets, the shareholders must be fully informed, and the sale must be approved by its shareholders.¹¹ For the three Kodiak Island large parcel sales, we found that in only one case (Akhiok-Kaguyak) was the corporation required by law to have the shareholders approve the sale because the sale resulted in the disposition of a substantial share of the corporation's assets. However, for Akhiok-Kaguyak (which was required to), and Old Harbor Native Corporation (which was not required to) the shareholders voted and overwhelmingly to approve the sales. In addition, Koniag held a meeting to inform shareholders about the sale.

We reviewed many of the written comments received by the council from the public and special interest groups on the large parcel acquisitions—particularly the acquisitions on Kodiak Island. The vast majority of the comments support the land acquisition program and individual acquisitions.

RETURN ON SETTLEMENT FUND COULD BE INCREASED

Independent auditors hired by the Trustee Council have noted two opportunities for increasing the return on Exxon settlement funds. One opportunity involves using electronic transfer procedures, rather than the current process which includes writing checks, when disbursing funds from a joint trust account to the federal and state

¹¹The amount or percent that represents substantial is not defined in state law.

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accounts for council-approved uses. Another opportunity is to put Exxon settlement payments into accounts that charge lower management fees. In addition, the rate of return on investments may be higher in another account.

Civil Settlement Funds Invested in Court System Account

Under the terms of the memorandum of agreement, annual Exxon settlement payments (excluding the \$158 million in reimbursements paid directly to the federal government and the state of Alaska and the \$40 million Exxon credit) are deposited into a joint interest-bearing trust account. This account entitled the Exxon Valdez Oil Spill Settlement Account is held in CRIS and is administered through the United States District Court for the Southern District of Texas. The settlement account was established specifically for receiving, depositing, investing, disbursing, and managing all non-reimbursement payments from the Exxon civil settlement. There are two main accounts within the settlement account—the liquidity account and reserve fund account. Funds held in the liquidity account are disbursed to the federal government and Alaska with the unanimous approval of the Trustee Council, and a court order, to pay for council-approved uses, such as natural resource restoration and protection activities. Funds disbursed to the federal government are deposited in the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resource Damage Assessment and Restoration Fund (NRDA&R), where they are invested and paid out to federal agencies as needed. Funds disbursed from CRIS to Alaska for approved restoration activities are deposited in the State of Alaska, Exxon Valdez Oil Spill Settlement Trust. Pursuant to state law, withdrawals from the trust must be in accordance with an appropriation made by law.

In addition to the liquidity account, the council established a reserve fund account in February 1996—within CRIS—as a savings account for future restoration activities. The council plans to place up to \$12 million into the reserve fund annually for nine successive

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years. The goal of the reserve fund is to have money available to finance a long-term restoration program after the last payment from Exxon. The reserve funds are maintained within CRIS and are invested in U.S. government Treasury securities, with maturity dates ranging from fiscal year 1997 through fiscal year 2002. The council expects the reserve fund to be worth about \$140 million, including interest, in 2002.

Initiating Wire Transfers

Will Increase Revenues

When the Trustee Council needs to fund its operation in accordance with the memorandum of agreement, the Department of Justice and the Alaska Department of Law petition the U.S. District Court, District of Alaska in Anchorage to have money transferred from the CRIS liquidity account to the federal government and the state of Alaska. The court clerk in Houston transfers funds to the court in Anchorage. The court clerk in Anchorage then issues checks to the state or federal government. The council's independent auditors have noted in their annual reports that because of the administrative procedures involved, there is a time lag of at least 7 days between when the funds are liquidated in the CRIS account and when checks written against those funds are reinvested in interest-bearing trust funds maintained by the federal and state governments. During this time, the liquidated funds do not earn interest. The auditors estimated that interest lost due to the time lag totaled approximately \$242,000 for the 3-year period fiscal years 1995 through 1997.¹² We can not estimate how much could be lost over the next 5 years through fiscal year 2002 when the settlement account is expected to be fully liquidated. However, we believe a similar rate of loss is likely.

¹²Losses due to transfer inefficiencies prior to 1995 were not estimated because independent audits were not conducted for those years.

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Electronic transfer of funds directly into federal and state accounts from Houston could solve the problem. The Anchorage court clerk does not currently have the ability to transfer funds electronically; however, the Houston clerk does. The auditors stated it appears the Houston court clerk could make the electronic transfers directly from Houston after receiving a voucher from the Anchorage clerk initiating the transfer. In this manner, the Anchorage court would continue to control the disbursement process. During our review, we contacted the clerk of the U.S. District Court in Anchorage to determine if there was anything that the council could do to initiate an electronic fund transfer system. The clerk told us that an official of the U.S. Court Administrative Office in Washington, D.C. could make the decision to allow the electronic transfer of funds. Subsequently, we contacted the council's Executive Director, who said she would initiate action to resolve the problem.

Moving Settlement Funds Outside of CRIS Will Reduce Expenses

The Trustee Council's auditors also recommended that the council identify whether there are other, more advantageous, entities outside of CRIS in which to place the Exxon settlement funds. The auditors' opinion is that the fees charged by CRIS on the liquidity and reserve accounts are excessive and greatly exceed the costs incurred in administering the funds. The council's Administrative Officer told us that fees for managing these funds outside of CRIS could be significantly less. She said, for instance, the state would charge about \$24,000 a year to manage both the liquidity and reserve accounts, whereas during fiscal year 1997 CRIS charged the Trustee Council about \$258,000 in fees for managing just the liquidity account. In addition, accrued management fees for the reserve account were about \$181,000 for a total of about \$439,000.

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A state of Alaska study of potential investment options conducted for the Trustee Council showed that the council could also earn a higher rate of interest income on liquidity and reserve accounts if they were invested outside of CRIS. The amount of income would depend on the types of investments and the amount of risk the settlement agreement will allow. Department of Justice (DOJ) lawyers told us that legislation could be enacted to permit the deposit and investment of funds outside CRIS and the Treasury. The legislation would have to consider (1) the status of the fund as a federal court administered fund and (2) the different parties involved in the fund's operation—the federal government, the state of Alaska, and the federal and state trustees. According to Justice lawyers, such a statute could authorize the deposit of trust funds into appropriate accounts outside CRIS and the Treasury provided that the government and Alaska receive court permission to do so. The legislation would require the trustees to determine that the classes of investments have a high degree of security and reliability.

CONCLUSIONS

The Trustee Council's management of the Exxon Valdez oil spill civil settlement funds appears more effective today than when we last reported on this issue in 1993. However, one issue discussed in our 1993 report—that some research projects are being funded that may not be directly linked to the oil spill or which appear to duplicate normal agency responsibilities—continues to be an issue today. One of the options for the future reserve account being discussed by the council is to set up an endowment in which all or part of the available annual funding for research and monitoring projects will come from annual investment income. Because the funding of projects from the reserve account will not begin for several more years, the linkage of proposed projects directly to the 1989 oil spill and the differentiation of normal agency mission activities from oil spill related activities will become more difficult. As a result, it is important for the Trust Council, especially if a reserve account is established, to continue to review the restoration projects on a case-

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by-case basis to ensure that each project is directly tied to the oil spill and that the project is not part of an agency mission activity.

Also, if the Trustee Council does adopt the option of making the reserve an endowment, increasing net return on the fund's principle and minimizing management fees will result in more funds being available annually for restoration activities. The independent auditors of the Trustee Council noted that using electronic transfer procedures when disbursing funds could increase interest income and placing the settlement into a different account could result in lower management fees.

RECOMMENDATION

To increase the amount of settlement funds available for future restoration activities, we recommend that the Trustee Council review ways such as those identified by the Trustee Council's independent auditors to minimize management fees and maximize net returns without compromising the security and reliability of the investment returns.

SCOPE AND METHODOLOGY

To conduct our review, we visited the Exxon Valdez Trustee Council office in Anchorage, Alaska, reviewed council files, and met with various members of the council and its staff. We also met with various federal and state agency officials, including Departments of Interior and Justice, who were involved in various activities relating to the oil spill. We reviewed various documentation, including the memorandum of agreement between the federal government and Alaska and the Trustee's Council restoration plan, which, in essence, represents the council's implementing policies for carrying out council activities.

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Our work was performed from February through June 1998 in accordance with generally accepted government auditing standards. Appendix IV describes the scope and methodology of our review.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this report. At that time, we will provide copies to the Secretaries of Agriculture, Commerce and the Interior; the Attorney General of the Department of Justice; the Executive Director and the members of the Trustee Council; and other interested parties. We will also make copies available to others upon request.

Please contact me at (202) 512-3841 if you have any questions. Major contributors to this report are listed in appendix V.

Sincerely yours,

Barry T. Hill
Associate Director, Energy,
Resources, and Science Issues

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ABBREVIATIONS

CRIS	Court Registry Investment System
DOJ	Department of Justice
EPA	Environmental Protection Agency
NRDA&R	Natural Resource, Damage Assessment and Restoration Fund

**SUMMARY OF CIVIL SETTLEMENT FUNDS RECEIVED BY FEDERAL AGENCIES AND THE
STATE OF ALASKA THROUGH SEPTEMBER 30, 1997**

Dollars in millions

Organization	Reimburse- ment for oil cleanup/ damage assessment	Monitoring and research ^a	General restoration ^a	Habitat protection ^{a,c}	Science management information and administration	Total ^a
Department of Agriculture	\$19	\$3	\$2	\$32	\$ 4	\$60
Department of Commerce	18	14	2	^b	1	35
U.S. Coast Guard	16	^b	^b	^b	^b	16
Department of the Interior	12	10	1	83	1	107
EPA	4	^b	^b	^b	^b	4
Total U.S. government	69	27	5	115	6	222
Total state of Alaska	89	63	21	72	14	259
Exxon^d	40	^b	^b	^b	^b	40
Grand Total	\$198	\$90	\$26	\$187	\$20	\$521

^aTotals may not add because of rounding.

^bNot applicable.

^cSettlement funds are passed on to landowners from whom land title or conservation easement is acquired; management of the acreage acquired remains with the sponsoring federal agency or Alaska.

^dCredit to Exxon for clean-up work relating to the oil spill.

**Trustee Council Habitat Acquisitions,
Acreage Acquired, Price Paid, and Funding Sources (in dollars)**

Parcel description	Total acreage	Fee title	Less than fee	Total price	Trustee Council contribution from civil settlement	Other contributions from	
						Federal criminal settlement	Other sources
Large parcel acquisitions completed							
Akhiok-Kaguyak, Inc	115,973	73,525	42,448	\$46,000,000	\$36,000,000	\$10,000,000	0
Chenega	59,520	37,236	22,284	34,000,000	24,000,000	10,000,000	0
English Bay	32,537	32,537	0	15,371,420	14,128,074	1,243,346	0
Kachemak Bay	23,800	23,800	0	22,000,000	7,500,000	0	\$14,500,000 ^a
Koniag	118,710	59,674	59,036	28,500,000	21,500,000	7,000,000	0
Old Harbor	31,609	28,609	3,000	14,500,000	11,250,000	3,250,000	0
Orca Narrows	2,052	0	2,052	3,450,000	3,450,000	0	0
Seal Bay	41,549	41,549	0	39,549,333	39,549,333	0	0
Shuyak Island	26,665	26,665	0	42,000,000	42,000,000	0	0
Sub-total	452,415	323,595	128,820	245,370,753	199,377,407	31,493,346	14,500,000
Acquisitions pending							
Tatitlek	69,814	32,284	37,530	34,550,000	24,550,000	10,000,000	0
Offers accepted							
Afognak Joint Venture	41,750	41,350	400	70,500,000	70,500,000	0	0
Eyak	75,425	55,357	20,068	45,000,000	45,000,000	0	0
Sub-total	117,175	96,707	20,468	115,500,000	115,500,000	0	0
Large Parcel Total	639,404	452,586	186,818	395,420,753	339,427,407	41,493,346	14,500,000
27 small parcel acquisitions completed	3,560	3,560	0	12,877,700	12,877,700	0	0
11 small parcel acquisitions pending	3,760	3,760	0	8,174,400	7,703,400	430,000	41,000 ^b
Grand Total	646,724	459,906	186,818	\$416,472,853	\$360,008,507	\$41,923,346	\$14,541,000

^aConsists of \$7 million from the Exxon plea agreement and \$7.5 million from the civil settlement with Alyeska Pipeline Service Company.

^bFrom the City of Homer

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SCOPE AND METHODOLOGY

To determine how much Exxon had paid toward the total \$900 million civil settlement through September 1997 and to whom these funds were disbursed, we visited the Exxon Valdez Trustee Council office in Anchorage, Alaska, and reviewed council files, including financial reports and independent audits of the council's operation. We did not independently verify the independence of the financial reports provided by the council. We also reviewed the settlement agreement, the memorandum of agreement, the council's court requests for release of funds from the joint federal/state trust account, the council's annual status reports, and other reports that documented Exxon's payments and the disbursement of those funds. In addition, we interviewed the Executive Director of the Trustee Council, council staff, and Department of Justice officials in Anchorage and in Washington, D.C.

To determine whether the council has funded activities that may not be consistent with the memorandum of agreement, we examined the requirements of the agreement for funded projects as well as the council's implementing policies, such as the restoration plan. We reviewed annual draft and final work plans to determine which projects were proposed and actually funded. We also reviewed the council's habitat acquisition plans and the minutes from council meetings. We interviewed the council's Executive Director, federal and state council members, the council's Chief Scientist and several project peer reviewers, and Justice officials to gather data on individual funded projects. We also compared some of the projects we reported on in our 1993 report with those continuing to receive funding. Because the scope of our review was to review expenditures approved by the Trustee Council, we did not examine in detail how the federal government and Alaska expended the \$125 million the court assessed Exxon in criminal fines and penalties.

DRAFT

To determine how the prices paid for land acquisitions compare with government land appraisals and whether the public participation process for the habitat protection acquisition program is similar to the public participation process for other types of restoration actions, we reviewed the council's habitat acquisition plans for both large and small acquisitions; government appraisal documents that describe the appraisal process; council documents that show the location, acreage, type of property acquired for each acquisition, the government appraisal value, and the amount paid for each parcel. We also reviewed and compared documents describing the public participation process for both habitat acquisitions and for the other restoration activities, as well as interviewing the council's Executive Director, council members, and the public advisory group to determine habitat acquisitions and the public participation process. To gain more detailed data on prices paid for selected land acquisitions and the public participation process, we visited Kodiak Island to discuss these matters with Department of the Interior officials, whose Department sponsored these acquisitions; as well as the President of one of the native corporations who negotiated and sold property to the council. We did not review and evaluate the appraisal processes or the assumptions used to determine the appraised values on either the government's or seller's side. Our purpose in analyzing these transactions was to determine why the council paid more than the government-appraisal price.

To determine if trust funds are being invested to maximize the returns available to the trust, we reviewed the memorandum of agreement which, among other things, describes how settlement payments are to be handled, documents describing the Court Registry Investment System in which the joint trust account is maintained, council financial reports, and independent auditors' reports that recommended changes to the current investment system to maximize returns. We also interviewed the Clerk of the U.S. District Court in Anchorage, officials with the Department of Justice to determine how settlement funds could be invested outside of the registry system, and the Chief Investment Officer for the Alaska State Department of Revenue (Treasury Division) about the costs and returns of managing state conservative investment accounts

DRAFT

DRAFT

similar to the Exxon Valdez Joint Trust Account. We also reviewed a study of investment options prepared by the Department of Revenue for the Trustee Council, which describes potential returns on investment if money were invested outside of the court registry system.

DRAFT

MAJOR CONTRIBUTORS TO THIS REPORT

RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION,
WASHINGTON, D.C.

Chet Janik

Vic Rezendes

SEATTLE REGIONAL OFFICE

Rod Conti

Sterling Leibenguth

OFFICE OF GENERAL COUNSEL

Dick Kasdan

(141149)

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 10, 1998

The Honorable Ted Stevens
United State Senate
522 Hart Building
Washington, D.C. 20510-0201

Dear Senator Stevens:

The *Exxon Valdez* Oil Spill Trustee Council was recently made aware of the addition to the Commerce/State/Justice Appropriations Bill of language which you and Senator Murkowski co-sponsored as S.1523 and which would affect the Trustee Council. The Council was very encouraged by your and Senator Murkowski's recognition of the need to invest the oil spill trust funds outside the Court Registry Investment System and the U.S. Treasury so as to increase the Council's ability to earn interest on such funds. Your provision, with just a few changes, would greatly increase the Council's ability to continue, among other initiatives, a meaningful, long-term research program for Prince William Sound and the Gulf of Alaska.

The Appropriations Committee language continues to concern us and could impede the Council's use of this enhanced investment opportunity. We are confident however, that with a few modest changes, the language could be satisfactory to you and Senator Murkowski as well as the Trustee Council.

As you may be aware, I have been recovering from multiple surgeries in the past several months. I am now on the mend and would greatly appreciate the opportunity to work with you, Senator Murkowski, and your respective staffs to iron out these changes, preferably before the appropriations bill goes to the Senate Floor.

I look forward to completing this effort with you in a way that will create many positive results for Alaska.

Sincerely,

Molly McCammon
Executive Director

mm/raw

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 10, 1998

The Honorable Frank Murkowski
United State Senate
706 Hart Building
Washington, D.C. 20510-0202

Dear Senator Murkowski:

The Exxon Valdez Oil Spill Trustee Council was recently made aware of the addition to the Commerce/State/Justice Appropriations Bill of language which you and Senator Stevens co-sponsored as S.1523 and which would affect the Trustee Council. The Council was very encouraged by your and Senator Stevens' recognition of the need to invest the oil spill trust funds outside the Court Registry Investment System and the U.S. Treasury so as to increase the Council's ability to earn interest on such funds. Your provision, with just a few changes, would greatly increase the Council's ability to continue, among other initiatives, a meaningful, long-term research program for Prince William Sound and the Gulf of Alaska.

The Appropriations Committee language continues to concern us and could impede the Council's use of this enhanced investment opportunity. We are confident however, that with a few modest changes, the language could be satisfactory to you and Senator Stevens as well as the Trustee Council.

As you may be aware, I have been recovering from multiple surgeries in the past several months. I am now on the mend and would greatly appreciate the opportunity to work with you, Senator Stevens, and your respective staffs to iron out these changes, preferably before the appropriations bill goes to the Senate Floor.

I look forward to completing this effort with you in a way that will create many positive results for Alaska.

Sincerely,

Molly McCammon
Executive Director

mm/raw

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

To: Trustee Council Members

From: Molly McCammon
Executive Director

Date: July 9, 1998

Re: National Ocean Conference

The Trustee Council's chief scientist, Dr. Robert Spies, was invited to and attended the recent National Ocean Conference, which was sponsored by President Clinton, in Monterey, California. Dr. Spies prepared the enclosed memorandum, summarizing some of the content of the meeting and his own observations about the event. Please let me or Dr. Spies know if you have any comments or questions.

encl: (1)

cc: Dr. Robert Spies
Restoration Work Force

mm/raw

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JUL 07 1998

EXXON VALDEZ
TRUSTEE COUNCIL

June 17, 1998

To: Molly McCammon, Executive Director
From: Robert Spies, Chief Scientist

Re: Report on the National Ocean Conference

On June 10-12, 1998 I attended the National Ocean Conference in Monterey, California. The purpose of this report is to summarize the goals and content of the conference, its relevance to the *Exxon Valdez* Oil Spill Trustee Council, and my personal observations from attending.

First, this conference could mark a turning point in the protection of the oceans: scientists, fishermen, managers, politicians, environmentalists, journalists and the public are becoming more aware of the myriad problems in our oceans. There is a mounting sense of crisis about the state of the oceans, being brought into sharp focus by the collapsing fisheries around the world, global warming, loss of coastal habitat and effects of pollution on the coastal ocean. In the early 1960s the Stratton Commission recommended the formation of NOAA, and there is the possibility that another Presidential Commission on the ocean could result from this conference and make wide-sweeping changes in U.S. ocean policy. Only time will tell if the momentum will last. The participation of high-level officials from the Administration brought ocean issues into the national spotlight for at least a week. It is clear that Vice-President Gore, whose participation in this conference was critical, would be a strong environmental president and, together with his interest in reinventing government, would probably push a more integrated ocean policy, including needed reforms.

The goal of the conference was to produce a more integrated sense of the importance of the oceans in our lives--economically, as generator of our weather, a major source of food, scientifically, aesthetically and spiritually. This leads naturally to consideration of how we can more effectively protect and enhance our marine environment and overcome the challenges that face us. These general themes were echoed in the background materials prepared for the conference: "Opportunities in ocean sciences: Challenges on the horizon" by the Ocean Studies Board, National Research Council; "Our ocean future" by the H. John Heinz III Center for Science, Economics and the Environment; "Year of the Ocean Discussion Papers" prepared by US agencies with ocean-related programs. These themes were also brought up in the introductory comments to the conference made on Thursday morning by U.S. Representative Sam Farr, Secretary of the Navy John Dalton, NOAA Administrator James Baker, and Superintendent of the Naval Postgraduate School Robert Chaplin.



The remainder of Thursday morning was devoted to Issue Forums. There were four concurrent Issue Forums: Oceans and Commerce, Oceans and Global Security, Ocean Environment and Health, Ocean Exploration, Education and Research. I attended the forum on environment and health. This forum was facilitated by Secretary Bruce Babbitt and a senior official of the Environmental Protection Agency. There were perhaps 125 people in attendance. The forum started with prepared statements from the panelists. Included in the panel were: Sarah Chasis, an attorney with the National Resources Defense Council; Dr. Jane Lubchenko, former President of the American Association for the Advancement of Sciences, and a professor at Oregon State University (Dr. Lubchenko is to give the keynote address at the Trustee Council 10th Anniversary); Dr. Daniel Baden, Chair of Biology and Fisheries at the Rosenstiel School, University of Miami; Larry Merculief, Bering Sea Coalition; William Amaru, a commercial fisherman and member of the New England Fisheries Management Council; Bill Causey from the Florida Keys National Marine Sanctuary; and Allen Garcia, a farmer from California. Secretary Babbitt then called for comments from the audience and reaction from the panelists. A large variety of issues was touched on in the comments, both from the panelists and from those in the audience. They related to ecosystem research, discovery and exploration, fisheries management, coastal pollution and indigenous peoples' perspectives. Many comments related to the need for better ways to manage fisheries and the role that research and monitoring should play in that process. Dr. Tom Malone from the University of Maryland, for example, pointed out that we do not have a national system of data gathering for managing our coastal oceans, as contrasted to the existing system that NOAA uses to gather data for weather forecasting. Dr. Malone is organizing the Global Ocean Observation System (GOOS), and in a later conversation I had with him, he was quite interested in the possibility of a long-term monitoring program in the northern Gulf of Alaska that might be a model of how to keep a finger on the ocean's pulse on a national scale. EVOS Trustee Deborah Williams was in the health and environment forum and made some very good comments about the need to better protect fish populations as sources of food, not only for humans, but also for birds and mammals.

A plenary session was convened in the afternoon with Vice-President Gore giving a speech about general issues in the oceans, concentrating more on environmental than commercial, transportation and security issues. He announced in his speech an increase of several millions of dollars in the federal budget for the oceans. The Vice President then moderated the session, with all of the panel members from each Forum on the stage, taking reports from spokesmen from each of the Forums and, in turn asking questions, which were billed as "crosscutting" the issues. From the questions and answers, which mostly appeared to have been scripted, the Administration wants to have the Law of the Sea Treaty ratified, as it is now blocked from getting out of a Senate Committee.

Events on Friday were pretty much devoted to speech making. Most of the day's activities were broadcast by the national media, e.g., CNN. The Forum was a seaside park near Cannery Row with Monterey Bay in the background. Things got off to a late start in the morning, but eventually Representative Sam Farr, Senator Barbara Boxer, the Secretary of the Navy Dalton, and Commerce Secretary Daley all gave speeches hitting some of the main themes highlighted on the first day. The second round of speech-making included Dr. Sylvia Earl, First Lady Hillary Clinton, Vice President Gore and President Bill Clinton. Perhaps the highlights of the morning were two new developments announced by the President: 1) an extension of the ban on offshore drilling in California and a permanent ban on drilling in national marine sanctuaries, and 2) the release of some \$224 million in additional funding for the oceans. There was not a lot of detail provided immediately on how such funds would be spent; hopefully more resources will be allocated to defining critical fish habitat. The speech by Secretary Daley, who called for more study of the ways that the oceans could be justified in economics models, was quite a contrast to the approach of the Vice-President, who recognizes a healthy ocean as a primary goal, rather one that is secondary to short-term economic goals. It reinforced my opinion that the field of economics is intellectually isolated and yet to merge with modern thought on our condition on this planet! Such economic thought is, nonetheless, still influential in setting government policy.

Two issues relate most directly to EVOS. First, it is apparent that Alaska is in a very interesting position with regard to oceans policy. It has tremendous, if fluctuating, fishery resources that are by and large managed on a sustainable basis. I think our experience with salmon is envied. Yet, there are some potential warning lights: e.g., crab fisheries in the Bering Sea. Also, there is great potential interest in a possible Trustee Council-sponsored long-term monitoring program. I got a real sense that such an effort, if sufficiently well planned and funded, could serve as an example for the rest of the country--to show what is possible when stakeholders in a state so dependent on the oceans decide to invest in knowledge of the resources and the environment. Second, despite the efforts of Exxon to confuse the public about the value of our scientific studies and to frame the issues of the spill in ways that minimize spill effects, the *Exxon Valdez* spill is firmly established as a hallmark of bad stewardship in the marine environment. I might add that I talked to Jean Michael Cousteau, and he had been approached by a public relations firm to come to Prince William Sound this year to produce a feature on the "state of the sound." He later found out that the money for this effort was to come from the Exxon Corporation. He will not be participating in the effort. I also thanked him for his early efforts on behalf of the Alaska SeaLife Center.

I hope this gives you a general flavor of the conference. Please do not hesitate to ask for more specific information; I will try to obtain it for you. I hope this memo finds you with improving strength and health.

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



FAX COVER SHEET

TO TRUSTEE COUNCIL MEMBERS AND ALTERNATES:

✓ Botelho, Bruce
✓ Brown, Michele
Bosworth, Rob
Hines, Bill
Jim Caplan

✓ Pennoyer, Steve
✓ Rue, Frank
✓ Tillery, Craig
✓ Williams, Deborah
✓ Wolfe, Jim

FROM: Molly McCammon

DATE: July 9, 1998 TOTAL PAGES:

Please forward to those
indicated above.

Thank you

HARD COPY TO FOLLOW 70

FAX SENT BY: Rebecca

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	1705	
CONNECTION TEL		2714102
CONNECTION ID	D.WILLIAMS	
START TIME	07/09 14:42	
USAGE TIME	02'50	
PAGES	6	
RESULT	OK	

*** MULTI TRANSACTION REPORT ***

TX/RX NO.

1705

INCOMPLETE TX/RX

TRANSACTION OK

[09] 19075867589

JUNEAU OFFICE

[10] 19075867555

WOLFE

[26] 19074652075

B.BOTELHO

[28] 19075867249

S.PENNOYER

[29] 19074652332

FRANK RUE

[31] 19074655070

BROWN

[36] 2787022

ALEX-CRAIG

ERROR

[37] 2714102

D.WILLIAMS


Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Kim Garnero, Alaska Department of Fish and Game
Claudia Slater, Alaska Department of Fish and Game
JoEllen Hanrahan, Alaska Department of Environmental Conservation
Alex Viteri, Alaska Department of Environmental Conservation
Carol Fries, Alaska Department of Natural Resources
Ken Holbrook, U.S. Department of Agriculture, Forest Service
Bonnie McElmurry, U.S. Department of Agriculture, Forest Service
Bob Baldauf, U.S. of the Interior
Catherine Berg, U.S. of the Interior
Bruce Wright, National Oceanic & Atmospheric Administration

FROM: 
Traci Cramer
Administrative Officer

DATE: July 10, 1998

RE: FY 1998 Second Quarter Financial Report

Pursuant to the Procedures of the *Exxon Valdez* Trustee Council expenditure and obligation activity are due thirty days following the end of each quarter. The purpose of this memorandum is to request that Quarterly Financial Information for the period ending **June 30, 1998** be submitted to this office by **July 30, 1998**.

Attached are two spreadsheets. The first spreadsheet is the 1998 Work Plan for your agency. The Work Plan spreadsheet currently contains expenditures and obligations reported for the period ending March 31, 1998. The second spreadsheet incorporates other projects approved by the Trustee Council such as special projects and land acquisitions. Agencies are requested to use these spreadsheets to updated expenditure and obligation activity for the period ending June 30, 1998.

If you have any questions, give me a call at (907) 586-7238.

Attachments

cc: Molly McCammon

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 9, 1998

James A. Webster
Birch, Horton, Bittner and Cherot
1127 West Seventh Avenue
Anchorage, Alaska 99501-3399

Re: Public Records Request - May 4th Restoration Office Meeting

Dear Mr. Webster:

The purpose of this letter is to provide you with one additional piece of correspondence recently located at the Restoration Office in reference to your public records request dated June 8, 1998. This letter had been previously overlooked by my staff during the search of our files at the Restoration Office.

If you have any questions, please let me know.

Sincerely,

Molly McCammon
Executive Director

attachment

cc: Trustee Council members
Alex Swiderski
Maria Lisowski
Barry Roth
Stan Senner

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United States
Department of
Agriculture

Forest
Service

Alaska Region

P.O. Box 21628
Juneau, AK 99802-1628

File Code: 5400

Date: MAR 05 1998

Mr. Rick Steiner
The Coastal Coalition
P.O. Box 830
Cordova, AK 99574

RECORD COPY

Dear Mr. Steiner:

Thank you for your letter of December 15, 1997, regarding your meeting with Dr. Hyun Joo Shin in Seoul concerning the Bering River Coal field. Deborah Williams and I have visited concerning your communication and the opportunity to discuss possible conservation options for protecting this area. We would both be glad to meet with Dr. Shin to discuss what ideas he may have for exchange or purchase of the coal field lands. As you know, the Bering River Coal field is presently outside the defined Exxon Valdez oil spill affected area of primary restoration emphasis and thus, it would be extremely difficult to propose acquisition of this land using settlement monies.

In the future the oil spill affected area maybe expanded by the Trustee Council. They may consider expanding the area to include the vicinity of the Bering River, thus, the protection for this area could be explored using settlement funds. Again, thank you for bringing this to our attention and if Dr. Shin does visit Alaska, both Deborah and I would be glad to meet with him.

Sincerely

PHIL JANIK
Regional Forester

cc:
Deborah Williams, Department of Interior
Forest Supervisor, Chugach National Forest

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 9, 1998

Jennifer Childress
Joshua Hall
9312 Vanguard Drive, Suite 100
Anchorage, Alaska 99507

Dear Ms. Childress and Mr. Hall:

Thank you for your update regarding the Youth/Elders Conference on subsistence and the involvement of Youth Area Watch students.

The Trustee Council approved funding for this conference in an effort to bring *Exxon Valdez* oil spill researchers and those living in spill-affected communities together to discuss the status of subsistence, as well as collaborate on strategies to involve and inform the communities on research efforts. The objectives of the Youth Area Watch project and those of this particular conference seem to be parallel and an excellent opportunity to share resources. Additionally, the perspectives of the youth involved in the Youth Area Watch seem to be an integral aspect for the success of the conference.

It is my hope that the Youth Area Watch staff could facilitate as much youth involvement as possible in the Conference on Subsistence, and not necessarily just in presenting information on projects. Please let me know if there is anything the Trustee Council staff can do to assist in this effort.

Sincerely,

Molly McCammon
Executive Director

cc: Roger Sampson, Chugach School District
Altana Olsen, Native Village of Eyak

mml/raw

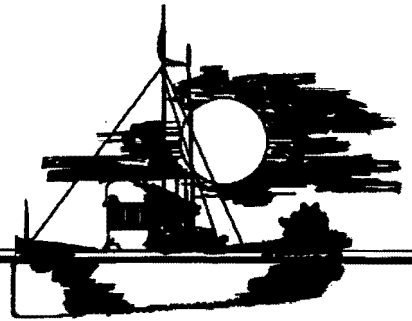
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MUGACH SCHOOL DISTRICT



9312 Vanguard Drive, Suite 100
Anchorage, AK 99507
Office: (907) 522-7400
Fax: (907) 522-3399

May 14, 1998

RECEIVED

MAY 18 1998

EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL

Molly McCammon
Exxon Valdez Trustee Council
645 G Street, Suite 401
Anchorage, AK 99501-3451

Dear Molly,

We recently received a copy of a draft agenda for the Elders/Youth Subsistence Conference planned for August 19-22, 1998. This is the first we have heard of this conference, and we were surprised to find that Youth Area Watch students were listed as presenters multiple times in the agenda. We have been in contact with Altana Olsan and have discussed with her the fact that of the projects included in the agenda, Youth Area Watch students have only been involved with the Harbor Seal Biosampling project. We expressed our concern that Youth Area Watch students would not be qualified or prepared to speak with respect to the other projects listed on the agenda. We have provided Altana a list of names of students who would be suited to speaking about their experiences with the Harbor Seal project. We are including a copy of the fax that we sent to Altana with respect to this.

In the interest of maintaining the credibility of the Youth Area Watch program with the Trustee Council, we wanted to be very clear with you about our involvement with this conference. Please feel free to call or email us if you have any questions at 522-7400 or jenc@micronet.net.

Sincerely,

Two handwritten signatures. The first is "Jennifer Childress" and the second is "Joshua Hall".

Jennifer Childress
Joshua Hall

FAX

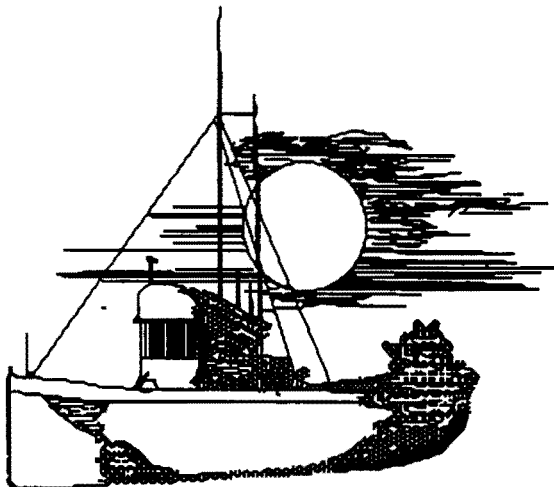
Chugach School District

9312 Vanguard Drive, Suite 100

Anchorage, AK 99507

(907) 522-7400

(907) 522-3399 FAX



Date: May 14, 1998

To: Altana Olsan

Fax #: 907-424-7739

From: Joshua Hall & Jennifer Childress

Chugach School District is sending 2 page(s), including this cover page.
If one or more of these pages do not reach you please call our office.

Here is a list of students that would be qualified to speak about the Harbor Seal Biosampling project at the Elders/Youth Conference. After looking at your draft agenda, the Harbor Seal project is the only project that Youth Area Watch students currently have experience with. For this reason, we feel that this is the only project that students could effectively speak about. We have included multiple student's in keeping with the concern that your conference is occurring during their summer vacation, and students may be busy with other activities.

Please feel free to give us a call if we can provide more assistance.

Students:

Tatitlek students who have been involved in the program:

Michelle Vlasoff

Kevin Blake

Tanya Totemoff

Renae Totemoff

Other students who have been involved in the program:

Valdez:

Renae Lopez

Kristen Smith

Jessica Millburn

Chenega Bay:

Sonny Wilson

Myra Elashansky

Ryan Schmidt

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



July 8, 1998

Lillian M. Miller
PO Box 200633
Anchorage, AK 99520

Robert J. Walli
PO Box 115
Anchor Point, AK 99556

Dear Ms. Miller and Mr. Walli:

The purpose of this letter is to provide you with confirmation that the Trustee Council has received your nomination under the Small Parcel Habitat Protection Program and will be reviewing it in the near future.

As you are perhaps aware, over 300 small parcel nominations have been submitted to the Trustee Council for consideration through the Small Parcel Program. Upon receipt of a parcel nomination and a determination that the nomination meets all threshold criteria, the nominated parcel is evaluated for its specific restoration value. As a result of the review and evaluation of nominated parcels to date, the Trustee Council has identified 60 parcels of especially significant value to the protection and restoration of the biological resources and human services injured by the *Exxon Valdez* oil spill. Current acquisition efforts are focused on these 60 priority parcels.

If you have questions about the Small Parcel Program, please contact Eric Myers in the Restoration Office.

Sincerely,

Molly McCammon
Executive Director

MM/ty

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

To: Accounting Department
Alaska Department of Fish & Game

From: Tami Yockey *TY*
Administrative Assistant II

Date: July 8, 1998

Subject: Reimbursement for the *Exxon Valdez* Trustee Council Petty Cash Fund

Attached you will find the log and receipts for petty cash disbursements from the *Exxon Valdez* Trustee Council petty cash fund (PCF97173). This is for the period of June 23, 1998 through July 8, 1998.

I am requesting a warrant in the amount of \$32.24 to replenish the petty cash fund to its original total of \$50.00.

If you have any questions or if I have neglected to attach any required backup paperwork, please give me a call.

Thank you.

Attachment: Petty Cash Log

TY/ty

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Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

TO: Steve Kunz
Supply Tech I
Alaska Department of Fish & Game

FROM: Tami Yockey *dy*
Administrative Assistant II

Date: July 8, 1998

SUBJECT: Request for Warrant

Please issue two separate warrants in the amounts of \$4,000.00 and \$6,000.00 payable to the U.S. Postmaster. The warrant for \$4,000.00 will be applied to the *Exxon Valdez* Trustee Council's postage meter, serial number F2216778. The warrant in the amount of \$6,000.00 will be applied to the Trustee Council bulk mail account, permit number 1013. Code the warrants to 11981600/11981600/73380.

The warrants should be mailed to my attention at the Trustee Council Office, 645 G Street, Suite 401, Anchorage, AK, 99501-3451.

Thank you.

Attachments: Purchase Orders (2)

FAX COMPLETE

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



July 6, 1998

Phil Janik
Forest Service
U.S. Department of Agriculture
709 West 9th Street, Room 549
Juneau, Alaska 99802

Dear Phil:

Enclosed is a certificate of appreciation from the *Exxon Valdez* Oil Spill Trustee Council for all your work on behalf of the Council. You've provided great leadership on the Council, Phil. The accomplishments of the Habitat Protection Program in Prince William Sound are in large part due to your efforts. Please keep in touch regarding your future endeavors.

Sincerely,

Molly McCammon
Executive Director

mm/raw

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Alaska Department of Law

Certificate of Appreciation

The *Exxon Valdez* Oil Spill Trustee Council members extend our deep appreciation to

Phil Janik

for your contribution to restoration of the resources and services injured by the
Exxon Valdez oil spill as Trustee for the U.S. Forest Service.



Alaska Department of Fish and Game



Alaska Department of Environmental Conservation



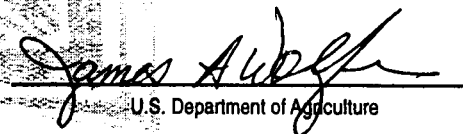
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National Oceanic and Atmospheric Administration



U.S. Department of the Interior



U.S. Department of Agriculture

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax: 907/276-7178



MEMORANDUM

To: Fred Allendorf (\190), Merav Ben-David (\348), Randall Davis (\441),
Mike Castellini (\341), Dan Roby & George Divoky (\327), AJ Paul (\432),
Don Schell (\371), Jim Seeb (\252)

From: Stan Senner, Science Coordinator

Subject: Preliminary Bench Fee Estimates for EVOS Projects at the Alaska SeaLife Center

Date: July 3, 1998

The Trustee Council's executive director has made a preliminary recommendation to fund the projects referenced above (see project number by your name) as part of the FY 1999 Work Plan. The one exception is Project 99432 (AJ Paul), which is on the "defer" list. Each of these projects involves use of the Alaska SeaLife Center (ASLC). As you know, our instructions were to not include any ASLC bench fee in the budget you submitted with your DPD this spring. The executive director will negotiate the rates for the entire suite of projects to be carried out at the ASLC, and then each project's fee will be added to your budget before the Trustee Council takes action in mid-August. As with the current year, the Trustee Council will pay your fee directly to the ASLC through the Alaska Department of Fish and Game; this will enable us to avoid paying extra indirect charges to a series of other institutions.

The ASLC staff have prepared a preliminary breakout of each project's space requirements and a cost estimate. This analysis does not include special services, such as those provided by a veterinarian, but I have enclosed a memorandum describing what services come with space leases and a listing of additional services and fees.

Please review this information and contact Ms. Susan Inglis at the ASLC. You need to let her know if the preliminary space needs identified for your project are appropriate, and you also need to discuss which additional services (if any) your project will require. Do you see any problems with what is or isn't covered by the fee? Do you have unanswered questions?

You can reach Susan at 907-224-6345 (telephone) or <susani@alaskasealife.org> (e-mail).

My goal is to have your project requirements clearly established so that we can negotiate bench fees by the end of July. Accordingly, if possible, please contact Susan Inglis with your

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Bench Fees
July 3, 1998

comments and questions by Thursday, July 16. If you cannot reach Susan by that date, you may contact Mike Castellini at the ASLC (907-224-6346) during the following week. If none of this is possible, please let me (<stans@oilspill.state.ak.us>) or Sandra Schubert (<sandras@oilspill.state.ak.us>) know at your earliest convenience! Thank you.

SS/kh

encl: preliminary project requirements
description of services & facilities covered by space leases
additional services & costs

cc: Claudia Slater, ADFG
Traci Cramer, Restoration Office
Sandra Schubert, Restoration Office
Robert Spies, AMS
Susan Inglis, ASLC

cc w/o encl: Kim Sundberg, ASLC
Molly McCammon, Restoration Office

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



MEMORANDUM

TO: Sharon Kent, NOAA Procurement

FROM: Veronica Christman *VC*

DATE: July 1, 1998

SUBJ: FY 99 Broad Agency Announcement 52ABNF-8-00034
Summaries of Technical Evaluations

In my June 22 memorandum to you, I enclosed summaries of the technical evaluations for some of the BAA proposals and promised to send the rest of the summaries at a later date. Enclosed are evaluation summaries for the rest of the proposals, specifically:

99361
99393
99408
99431
99435
99436
99438
99441
99442
99443
99467
99468
99491

Attachments (13)

cc (w/attachments): Bruce Wright, NOAA
Bill Hauser, ADFG

cc (w/o attachments): Sandra Schubert, EVRO

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 361

Reviewer Name _____

Project Title: **Dynamic Graphical Techniques for Ecosystem Synthesis, Communication, and Product Delivery**

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 4-4.5 Comments?

-this project would apply SEA technologies to provide a a) 10th anniversary presentation of SEA results, b) develop web-based formats for delivery of modeling products to nonspecialists, and c) develop a plan for extension of SEA presentation/synthesis techniques to the long-term EVOS program

-PIs understand the practical problems inherent in communicating complex science to nonscientists

-some lack of specificity in application delivery

 -what will be developed is indicated, but not why these applications are funded

-some of the lingo hard to understand, but techniques cutting edge in technology and innovation

-question about timing relative to long-term science program

 -do not yet know what the basic data management system will look like, and what is proposed here would logically need to follow

-objective 1: dynamic graphical presentation of the SEA project is well within grasp of the present SEA closeout; why is additional support requested?

-objective 2: this could be worthwhile addition to EVOS web site, but haven't seen basic modeling products from SEA and not sure why one would start with these particular items in terms of making these accessible in real time

-objective 3: premature until after TC action on long-term science program

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 5_ Comments?

-technical services project that has good potential to help address important synthesis objectives and link elements of the Restoration Program above and beyond the original SEA objectives

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 5 _ Comments?

-PIs are very good, both technically and in sense of how to synthesize and communicate scientific information

4. The cost effectiveness of the project proposal.

Score 2-4.5

Comments?

- this is expensive work--apparently very labor intensive
- includes 6 mo of Allen's time, which seems excessive
- high cost over 3 years
- some of this work is premature and does not contribute cost effectiveness

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 393

Reviewer Name _____

Project Title: Prince William Sound Food Webs: Structure and Change

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 3-5

Comments?

- project offers promise of revealing isotopic changes for carbon and nitrogen in the GOA and thereby tracking large interannual changes in productivity
- concern about "shot-gun type" approach to selection and analysis of samples for isotopic composition
- question about ability to identify unequivocal annuli on *Mytilus*
- question about value of gathering isotopic data in an anomalous El Nino year; could be more confusing than elucidating
- reviewer opinions differ about value of 4 objectives
 - one reviewer favored objectives 1 and 2
 - other reviewer favored objectives 2 and 4

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 4-5

Comments?

- data gathered for this project will feed directly into Pauly and Pimm's modeling work (99330)
- work to repeat fish analyses seems unnecessary and evaluation of the oddity of El Nino year seems likely to confuse us about normal patterns

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 3.5-5

Comments?

- Kline has also the technical skills to do isotope work, and has an excellent EVOS track record
- project probably would benefit from additional expertise with respect to broader ecosystem questions

4. The cost effectiveness of the project proposal.

Score 2.5-3.5

Comments?

- this is an expensive project
- however, some objectives may be eliminated, thus reducing cost
- multiyear request could be better justified

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 408

Reviewer Name _____

Project Title: Aspects of salmon shark ecology in Alaska waters

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 3-4.5 Comments?

- apex predator about which little is known
- failure to link sampling approach to physical oceanography and past catch records
- failure to advance theory of biogeography
- sampling appears to be hit or miss
- excellent marks for identifying an area where information is needed
- feasibility is very uncertain
- focus across whole PWS necessary?
- would like to see back-of-the-envelope estimation of feeding rate-trophic impact

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 2.5 Comments?

- this work would aid understanding of ecologically important spp. and provide an excellent addition to the scientific legacy from EVOS
- however, these basic data should be required by managing agencies (NOAA/ADFG) before allowing a fishery
- opportunity to gather demographic data from a near virgin population of sharks; would guide further management to prevent stock collapse--is this EVOS?

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 5____ Comments?

PI is excellent

4. The cost effectiveness of the project proposal.

Score 3__ Comments?

- expensive project: \$70K in transmitters and \$70K in charters
- it is not clear that cooperative arrangements with NOAA and ADFG for sampling and tagging could be extended
- addition of ADFG technician or local person might reduce costs
- NOAA also seems to be asking for additional money for NOAA in 99409 (right #- ?)

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 431 **Reviewer Name** _____

Project Title: Prototype Modeling Products: Transition, Alpha Testing, and Benefit-to-Cost Analysis for Products from Project \320

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 2-3/4 Comments?

- raises legitimate concerns about future of SEA work and people
- continues models; need to keep models running to be effective
- hard to assess because it is thought to be part of a long-term monitoring strategy (which has not been decided by TC)
- too limited to SEA; NVP and APEX work must be included in any long-term program
- jargon in proposal very hard to wade through; not entirely clear what really would be accomplished
 - very unclear what is intended in terms of "economically viable products"
- providing for the continuation of essential network services, data servers, etc. is important, especially on an interim basis until there is clearer sense of nature and scope of any long-term science program
 - for how long is PWSSC covered in terms of their software licenses and the like?
- much overlap w/OSRI proposal from same persons

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 2-4/5 Comments?

- something like this is necessary but needs to be more comprehensive and include a better description of the fisheries benefits
 - fisheries endpoint not apparent
- hard to evaluate contribution to recovery objectives without having a better understanding of what is proposed
- mainly R&D to prototype applications

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 0-3.5 Comments?

- PI is probably not best person to do this project; needs a strong communicator
- very good numerical modelers, but where is the fisheries management experience?

4. The cost effectiveness of the project proposal.

Score 1

Comments?

-very expensive

-needs more substantial cost sharing from industry and other partners

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 435 _____ **Reviewer Name** _____

Project Title: Oceanography of PWS

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 2-3.5

Comments?

- the observations can surely be conducted as planned
- however, relationship to ecosystem structure and production of higher trophic levels is never established
- connections with GLOBEC program are not made; relationship to GAK1 are ignored
- project only makes sense if this work is incorporated into a long-term monitoring proposal
- proposal undoubtedly would produce good data about PWS
 - valuable to be sampling in 1999 because of El Nino and lingering effects
- technical approach could be improved by sampling more than once in spring
- need to better consider interannual variability in the development of spring marine productivity and sample more often to describe those variations
- nothing innovative or unique about project, but it is monitoring
- statistics on drifter will nonquantitative; this component could be eliminated

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 1-3.2

Comments?

- this could be an important component of a long-term monitoring design for PWS and the larger spill area
 - one must understand natural variability to interpret recovery of damaged resources
- but in its present form, it does not build on SEA results to show that measurements are sufficient and necessary to be diagnostic of the PWS ecosystem
 - flaw is failure to synthesize SEA results to show need for this set of observations

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 2.8-4

Comments?

- this team of physical PIs is certainly competent to carry out the measurements
- however, linkage to the ecosystem and its higher-level production is not made and requires Eslinger/McRoy connections and participation
- PI (Vaughan) needs to publish some results from prior PWS work

4. The cost effectiveness of the project proposal.

Score 0-2

Comments?

-cost is high

-6 mo of salary for each of 3 persons is high relative to workload

-what can be done w/mooring in place, satellite data, and sampling at hatcheries

-elimination of drifter component could save money, which could be used for 2nd spring cruise

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 99436

Project Title: Oceanography of PWS Bays and Fjords: Effects of 1997-98 El Niño

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score: 3-3.7 Comments?

- project is too short to be meaningful
- project seems to be inflated
 - claim that downward looking sonar and ADCP cannot be done from one vessel is incorrect.
- proposal fails to link oceanography of the 4 fjords to the other field programs on physical oceanography to provide a synthesis picture
- project is not innovative or unique, but this work extends previous observation program
- although not detailed in the proposal, it seems that this research effort would complement other efforts that include herring sampling/hydroacoustics
- concordant sampling of physics, lower trophic levels, and fish is critical in attempting to understand potential impacts of the El Nino on the marine productivity in PWS

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score: 1-3.5 Comments?

- this project, like other El Niño projects, is of significant academic interest but its contribution to restoration is limited, especially without connection to other simultaneous field observation programs
 - big picture links will be difficult to make
- it is important to understand underlying natural variation in order to interpret recovery of damaged resources, and herring is a key injured resource. However,
 - the concept of moving forward on herring studies prior to synthesizing existing data is not compelling
 - a synthetic proposal from Stokesbury, Norcross, Brown that indicated needed support from Vaughn would possibly be worth funding.

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score: 2.8-4.5

Comments?

-PIs are capable

-Vaughan needs to publish previous results from her PWS work

4. The cost effectiveness of the project proposal.

Score: 3

Comments?

-salary request for 2 mo/y for PI and 4 mo/y for each of two technicians seems reasonable

-other costs appear reasonable too

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 438 _____ **Reviewer Name** _____

Project Title: Post-El Nino Changes in the Pacific Herring and Walleye Pollock Biomass in PWS

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 2-2.5 Comments?

- basically a proposal to run another survey, which is characterized as a transition to monitoring
- no attempt to imbed this proposal into a larger strategy
- proposal is premature in the sense that we don't know what the long-term monitoring program (if any) will look like
- not enough detailed information from contrasts of acoustic methods to net catches and spawn deposition surveys to know how accurate the acoustic techniques are
- another FY 99 proposal (468) claims that acoustic methods are still untested
- this is the over-summer null hypothesis vs. the over-winter null hypothesis

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 1-2.5 Comments?

- prespawning surveys of pollock and herring certainly borders on normal agency management, although agency funding is doubtless insufficient to cover these
 - will ADFG ultimately employ acoustic surveys?
- there is some value in TC looking at how recovery processes are affected by natural climatic perturbations (e.g., El Nino), but this project is narrow in scope, promising little more than surveys of herring, pollock and maybe pinks
- unclear what the benefits would be without knowing how it fits into a long-term program or vision
 - transition to monitoring is stated objective, and this is premature

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 4 Comments?

- PIs and institution are very capable with good track records
- Kirsch is superb and careful

4. The cost effectiveness of the project proposal.

Score 2-3 Comments?

- quite expensive

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 441

Reviewer Name _____

Project Title: Harbor seal recovery: effects of diet on lipid metabolism and health

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 4_ Comments?

- Dr. Iverson's excellent work on determining harbor seal prey through fatty acids s lack of ground truthing
 - there is need for experimental work in controlled settings to test responses in lipids of changes in diet
 - ASLC gives the opportunity to do this work
- proposal has great merit, but lacks detail on experimental protocols and design
 - e.g., what foods are going to be fed, what sizes, how long, etc? Describe feeding regime.
 - this needs to be more closely tied to Iverson's work?
 - plans on getting serial blubber samples and biopsies no less than once per month
 - seals are going to have lots of holes in them!
 - same 8 animals used for Castellini work (341)
 - want to ensure that animals are not too stressed

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 5_ Comments?

- proposed study is needed to test assumptions of the fatty acid analyses
 - if fatty acid studies are to be main effort for monitoring prey, this experiment is required

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 5 Comments?

- Davis has long history of excellent studies on marine mammal physiology
 - has experience in Alaska and has conducted these analyses before
 - very well qualified to conduct this research

4. The cost effectiveness of the project proposal.

Score 4 Comments?

- seems a bit high (Davis' salary is pricey), but otherwise reasonable

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 442

Reviewer Name _____

Project Title: Population Trends and Productivity of Kittlitz's Murrelet in PWS

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 4 Comments?

- work on a potentially threatened species is essential for future decisions
- determining the frequency of breeding failures in relation to lifespan would be important to know
- trend analysis (pp. 5-6) not as good as a power analysis
- diet overlap with MAMUs not indicative of competition (p. 3)

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 3 Comments?

- clear lack of production during first 2 y of the present study are of concern, and further work on this spp. could pay off
- however, there also is an issue of normal agency management
- data collected by this project on population trends or reproductive rate could be deciding factor in decision on ESA listing
- mixed-species pairs are unexpected

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 5 Comments?

- PI and ABR are excellent

4. The cost effectiveness of the project proposal.

Score 3 Comments?

- expensive work, though costs here are not out of line and pay-off could be big

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 443 _____ **Reviewer Name** _____

Project Title: Salmon Fisheries Market Share

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 2 Comments?

- purpose is to develop a sustainable marketing and promotion program for salmon which have lost market share since EVOS due to a several factors, such as emergence of farmed salmon in world market
- proposal lacks specifics; doesn't identify strategies and likelihood of success, nor does it present any mechanism to evaluate success
- appears to duplicate efforts by ASME and others who are assessing and promoting markets
- proposers outline a series of objectives for years 1-3, but it is not clear how these relate to existing publicly funded programs. Does this complement, overlap, or extend other efforts?
- feasibility and soundness of the approach are not established

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 0-1 Comments?

- certainly there is a great deal of frustration within the fishing community about the economic difficulties experienced since the oil spill (some of which may stem from the spill, but much of which is due to other, complicated factors)
- however, this proposal is not responsive to the Trustee Council's recovery objectives, FY 99 Invitation, or Restoration Plan
- primary approach to restoration of services is through recovery of the resource itself
- see p. 41, commercial fishing and pp. 14-15 and 37-38 in Restoration Plan
- although proposers may not agree with TC's approach to restoration of services, the DPD does not acknowledge nor attempt to reconcile their approach with the TC's
- duplicative of ASME type efforts

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 3 Comments?

- interim PIs are well experienced in the PWS fishing community and in a small business context. Less clear that they have expertise for a sophisticated national market assessment and promotional efforts.

4. The cost effectiveness of the project proposal.

Score ?	Comments?
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-hard to evaluate what this expenditure would produce, nor how it relates to other salmon marketing efforts and budgets

-a lot of money to ask for with so few details in the proposal
--

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 99467

Project Title: Assessment of the interannual variability of pelagic production in Prince William Sound

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score: 2- Comments?

-this project is based upon claims of completion of first generation of models to predict pink salmon population changes that have yet to be identified

-depends on completion of SEA fisheries goals; submission is premature

-proposal demonstrates no understanding of the purpose which modeling exercises will serve

-builds on the basis of models that not been demonstrated to work

-does not incideate how the data will be used nor where will be applied

-no basis to judge feasibility

-could be part of long-term monitoring program

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score: 2 Comments?

-important problem, but they don't demonstrate how they will contribute to solution

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score: 3-4 Comments?

-staff appears well qualified in oceanography and biology, but where is the fisheries regulatory experience?

4. The cost effectiveness of the project proposal.

Score: 0 Comments?

do not fund

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 468 **Reviewer Name** _____

Project Title: FEATS: Fundamental Estimations of Acoustic Target Strength

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score 5_ Comments?

- this work is necessary, and the proposal is well prepared
- combines looking at existing data and in-situ experimentation
- science proposed is good, though timing is less than ideal
- this work is almost guaranteed to be immediately useful, as well as to make longer-term contributions
- herring and sand lance are highest priorities for attention

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score 5_ Comments?

- this work is essential in that the data are rather urgently needed to serve several current projects (in SEA and APEX)
- this work is overdue

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score 5_ Comments?

- Kirsch is very good and PWSSC has good EVOS track record

4. The cost effectiveness of the project proposal.

Score 2__ Comments?

- cost is substantially higher than had been anticipated
- very expensive staff time included; roles not stated nor justified
 - includes 1.5 mo of Thomas
 - 1 mo of Patrick
 - 1 mo of Stokesbury
- 40 days of vessel time seems excessive, perhaps by half
- need for second year not clear, and, in any event, is too late; data are needed ASAP

Overall assessment of this project and its relationship to the cluster and overall program

**FY 1999 PEER REVIEWER EVALUATION FORM
AND TECHNICAL CRITERIA**

Project No. 99491-BAA

Project Title: Effects of natural oil seeps on pink salmon incubation success and condition

[The following are scored 1-5, with 5 being the highest rating (e.g., excellent)]

1. The overall scientific merits of the proposal as demonstrated through (a) understanding of the problem, (b) soundness of the technical approach, (c) innovation and uniqueness of the project, and (d) feasibility (i.e., prospects for the project's success).

Score: 1-2.5

Comments?

- well written, excellent citations, assumptions described well. They have a good understanding of the problem
- salmon possibly have evolved mechanisms to make them more tolerant to PAH in oil seep localities
 - why would oil seep populations be preferential to laboratory populations w/salmon that did not have an evolutionary exposure to oil?
 - why would these mutations not occur in nature?
- study assumes that embryos were exposed to oil only once, whereas they may have been exposed repeatedly by re-release of oil in sediments
- cross-transplanting among oil and unoiled streams is a better analog for the imposition of oil as a perturbation
 - this proposal tests effects of long-term exposure, which is a different issue
- questions about the feasibility and probability of success
 - where would the PAH dose be measured?
 - what PAH in water have to do w/PAH exposure of eggs in gravel coated w/oil compounds?
 - main concern is difference between lab and field
 - embryo mortalities are not measured in situ, but for lots of eggs artificially spawned and reintroduced into gravel. why do this in a stream? why not a laboratory?

2. The potential contribution of the proposal to the identified recovery objectives. In other words, the extent to which the proposal will help achieve the restoration objectives identified for a given resource.

Score: 5

Comments?

- while natural seeps may provide sites for testing chronic effects of oil exposure, not clear how this will clarify EVOSTC results
 - under different conditions and w/different oil, comparability is a major question
- potential contribution would be high, but probability of success low.
- careful laboratory studies of microenvironments involving exposure to eggs & gametes more likely to achieve useful results
- context of AK Peninsula not needed to resolve conflict between EVOS results and Exxon science

3. The organization's (a) capabilities and experience and (b) record of past performance (including in the EVOS program). The (c) experience and qualifications of key personnel, and (d) whether facilities or other factors integral to the proposal success are available to support the project.

Score: 1-5

Comments?

-PIs are very well qualified according to one reviewer. Extremely unqualified by two others.

4. The cost effectiveness of the project proposal.

Score: 1-3

Comments?

-project may be underfunded

-50% overhead rate is higher than other university projects funded by TC

Overall assessment of this project and its relationship to the cluster and overall program

Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178

Restoration Office Tentative Meeting Schedule



July 1998

- 1 Trustee Council teleconference, 1:30 p.m.
- 16-17 Subsistence Service Assessment Planning Meeting
- 27 Public Meeting, teleconference, Draft FY99 Work Plan (7 p.m.)
- 28 Public Advisory Group Meeting, Draft FY99 Work Plan
- 29 Restoration Work Force Meeting, Draft FY99 Work Plan (9 a.m.)

August 1998

- 13 Trustee Council Meeting, FY99 Work Plan
- 19-22 Youth-Elders Conference on Subsistence (Cordova)

September 1998

- Public Advisory Group Annual Field Trip, dates to be determined
- 29 Trustee Council Meeting on Restoration Reserve and Archaeology, Juneau

October 1998

- 5* Food-web modeling workshop (Anchorage)
- 18-24 PICES Meeting, Fairbanks

November 1998

December 1998

* tentative meeting dates

For more information on any of the above meetings, please contact the Anchorage Restoration Office.

Update: 7/2/98 rwf

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FAX COVER SHEET

To: **Restoration Work Force**

Date: 7/2/98

From: Keri Hile

Total Pages: 2

Comments: _____

Updated Restoration Office
meeting schedule. Tentative.

This is probably the last fax I'll be
sending you all. Monday will be my
last day here. I'll miss you all, Keri

RESTORATION WORK FORCE MEMBERS INCLUDE:

Belt, Gina
Berg, Catherine
Fries, Carol
Slater, Claudia
Hauser, Bill
Bartels, Leslie
Thomas, Lisa

Miraglia, Rita
Viteri, Alex
Rice, Bud
Spies, Bob
Holbrook, Ken
Wright, Bruce

KAREN MURPHY

Cathy Kane

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FAX SENT BY: Keri

4/23/98

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EV Restoration

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