

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

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

TRUSTEE COUNCIL MEETING

**August 25, 1995
8:30 a.m.**

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

TRUSTEE COUNCIL MEMBERS in attendance:

STATE OF ALASKA

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

UNITED STATES DEPARTMENT
OF THE INTERIOR

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

STATE OF ALASKA DEPARTMENT
OF FISH AND GAME

MR. FRANK RUE
Commissioner

UNITED STATES DEPARTMENT OF
AGRICULTURE - FOREST SERVICE

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

UNITED STATES DEPARTMENT OF

MR. BILL HINES, Alternate
COMMERCE - NOAA
for **MR. STEVE PENNOYER**
Director, Alaska Region/

STATE OF ALASKA DEPARTMENT
OF ENVIRONMENTAL CONSERVATION

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

TRUSTEE COUNCIL STAFF

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

OTHERS PRESENT who participated

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

P R O C E E D I N G S

(On Record 8:30 a.m.)

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

UNIDENTIFIED VOICE: Move we approve the agenda.

UNIDENTIFIED VOICE: Second.

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

June 16th and August 15th meeting notes?

UNIDENTIFIED VOICE: So moved.

MR. WOLFE: Second.

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

MS. WILLIAMS: Mr. Chairman.

MR. TILLERY: Ms. Williams.

MS. WILLIAMS: Modification to the August 15th meeting.

I was not present at that meeting. Dan Sakura represented the Department of Interior.

MR. TILLERY: Ms. McCammon, could you make that note?

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

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

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

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

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

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

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

MR. TILLERY: Ms. Williams.

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

MR. McCORKLE: Please.

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

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

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

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

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

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

MS. WILLIAMS: Yes.

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

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

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

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

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

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

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

MS. WILLIAMS: No, not at this point.

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

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

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

MR. TILLERY: I think that's correct.

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

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

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

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

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

as quickly as possible.

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

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

MR. McCAMMON: Mr. Chairman.

MR. TILLERY: Ms. McCammon.

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

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

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

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

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

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

MR. TILLERY: (Indiscernible).

MS. McCAMMON: Okay, the next major effort of that Tracy (Cramer, the Director of Administration has been working on, is with the audit. The request for proposals for the audit is on the street. We've had significant interests from the major accounting firms within the state and also outside of the state.

The deadline for receipt of those is in early September, and we expect to award the contract sometime in -- around the third week of September. We have a joint federal-state review team that will be looking at all of the proposals that are received and making a final decision on that. We are hoping, as part of the -- the award -- the final audit would be due on March 1st, and we should have the results of that audit by -- we should have a draft in January and then the final report by March 1st, and it would be my intent to include that report in the '97 annual status report. The -- if you'll recall, the Trustees in November adopted a strategy for investing the restoration reserve account.

This -- what seemed to be a fairly simply exercise at that time has actually resulted in a very complex set of negotiations between the Department of Law and the Department of Justice, and the court registry investment system. We are within days, I believe, of actually making the final request of the court on how to set up the reserve and also how to invest the funds within it, and Mr. Craig Tillery has been working on that, probably get some

more detail from him.

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

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

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

MR. TILLERY: Ms. Williams.

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

MS. McCAMMON: I'll refer that to Leif Selkregg.

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

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

MR. TILLERY: Ms. Williams.

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

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

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

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

collaboration with the Department of Interior.

MR. RUE: Mr. Chairman.

MR. TILLERY: Mr. Rue.

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

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

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

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

MS. McCAMMON: That's correct.

MR. HINES: Okay.

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

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

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

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

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

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

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

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

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

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

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

MS. McCAMMON: 25th, 26th.

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

MR. TILLERY: Mr. Wolfe.

MR. WOLFE: The NRDA workshop starts which day?

MR. TILLERY: 26th.

MR. WOLFE: The 26th, okay.

MS. McCAMMON: The 25th is still open.

MS. WILLIAMS: Secondly, on the status of the

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

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

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

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

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

that we can do as a Council to improve that process. I feel it -
- it fits a subject worth some of our time. I've been
contemplating suggesting that we defer some of the funding for
our December meeting on the whole appraisal issue, you know,
approve some of it now and some later, sort of pending a review.

I don't know if that's acceptable to people, but I certainly
think we need to take a hard look at how those are getting done,
whether they're getting done and whether there are obstacles to
getting them done that we can overcome. So, I would suggest that
if other Council members are interested, we put together perhaps
in conjunction with the September 25th meeting, half day, a
couple of hours, whatever it might take, discussion of the whole
appraisal process. What's really needed and how we might do
better.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. RUE: Okay.

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

interest at times, too much time that transpires between when we get a check and when it's earning interest that there -- we may be -- happen there are ways we can earn higher rates of interest.

Is that something that the audit will be addressing, looking at how we process money?

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

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: Mr. Wolfe.

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

MS. CRAMER: Absolutely right.

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

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

an action item, probably within the month.

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

MS. McCAMMON: That concludes my report.

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

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

Walter Meganack, Sr. His commitment, dedication and pride in his Alutiiq heritage and his eloquence will be greatly missed by all.

And, this will be signed and given to the -- the family. At this time, is there anyone who would like to -- to speak?

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

MR. TILLERY: No, go ahead.

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

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

there anyone else on the Council who would like to say something.

I'd like to note that when I came to Alaska in the late 1970s as a -- as a young, puppy lawyer, I worked in Alaska Legal Services Corporation, and Port Graham and English Bay were two of the villages that I went to, and I had the honor of knowing Walter, and he was truly a very great person. Feel free.

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

MR. TILLERY: All in favor?

TRUSTEE COUNCIL MEMBERS: Aye.

(Pause while Trustee Council members sign resolution.)

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

(Applause)

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

(Off Record 9:35 a.m.)

(On Record 9:50 a.m.)

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

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

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

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

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

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

decisions about what to do with this criminal restitution monies.

Your testimony, in specific, was used as one of the reasons that we set aside \$5 million to go to small communities for subsistence related projects. So, don't -- sometimes one thinks those things go in one ear and out the other, but that was one that was actually heard. I thank you for that.

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

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

remind the Council that on page 32 of the Restoration Plan is a table listing those resources and services injured by the spill.

These were not the only resources and services that actually experienced injury as a result of the spill, but there is a biological resources, they experienced population level or continuing sublethal injuries. In the Restoration Plan there is a process established for many (indiscernible) of injured resources and services which calls for the list to be reviewed as new information is obtained. We have received two proposals to add several bird species to this list, as published in the Restoration Plan. These have gone through a scientific review process under the direction of the Chief Scientist, and his recommendation is now before you, which is to add two additional species to that list, common loons and Kittlitz's murrelets, and I'd like to turn it over to Dr. Robert Spies to further explain that recommendation.

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

process for amending this -- the injured species list, and as a result of these nominations, we reviewed with the core reviewers, who at that time included Peter Peterson, Chris Haney, George Rose, and Stan Senner, and myself, and that's it. Stan Senner is now the Science Director and he has continued on, and I'd like to acknowledge his -- he is Science Coordinator, excuse me, and he has continued on to help me with this particular series of nominations, he has done a lot of the leg work and has accomplished or acknowledges -- so, appreciate his help in this.

We held a meeting on this, a review of the available information, and drafted a recommendation to the Executive Director, and we used available -- kind of the available information on carcasses in the morgues, and also some of the survey data, particularly the boat survey data on populations to get an idea of what the status of these populations were and what the potential injury was. The criteria that we used included the severity of the injury to the population, and whether recovery from injury is apparent, and thirdly, the strength of the evidence. And, considering all of these, tying this information together, and then we made some sort of a judgment as to whether the combination that were put forward were justified. As a result -- I won't go through each of these, but I will -- like to highlight the information, particularly on the Kittlitz's murrelets and the loons, which we are favorably recommending to the Trustee Council to add to the list. For the loons, firstly, the -- there were about 395 carcasses recovered, including four

species of loons,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. HINES: Thank you, Mr. Chairman.

MR. TILLERY: Additional -- Mr. Wolfe.

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

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

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

MR. WOLFE: That's what you indicated.

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

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

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

MR. WOLFE: Okay.

DR. SENNER: And ...

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

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

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

MR. TILLERY: Is there a second?

MR. HINES: Second.

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

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

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

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

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

MR. TILLERY: Commissioner Rue.

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

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

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

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

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

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

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

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

UNKNOWN: Seconded.

MR. TILLERY: Is there any discussion?

MR. WOLFE: One question. What is the significance

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

DR. SPIES: What are we going to find?

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

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

MR. TILLERY: Ms. McCammon.

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

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

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

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

MS. McCAMMON: Mr. Chairman, I'd also like to clarify that, one of our goals this winter is to go back through this list, the entire list, and look at it very carefully, and also the recovery objectives that are listed in the Restoration Plan.

There is a growing sense that some of the recovery objectives in here are -- may not be possible to ever truly achieve. For example, there are some that -- that because there was a lack of pre-spill data, the recovery objectives is when the populations on the western, oiled side of Prince William Sound are equal to the eastern, unoiled side of Prince William Sound. There is -- for some species there is an increasing feeling that maybe those differences in population aren't due to the fact that one was oiled and one wasn't, but maybe because of some kind of environmental -- inherent environmental differences, and so not only the injured species -- was for the recovery objectives for each of those will be re-examined this winter.

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

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

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

MR. TILLERY: Is there a motion?

MS. WILLIAMS: Motion to transfer funds.

MR. RUE: Second.

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

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

MR. TILLERY: The motion before the Council is to

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

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

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

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

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

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

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

MR. TILLERY: Ms. Williams.

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

MS. McCAMMON: I believe it was \$39.9

(Aside comments - outside of range of microphone.)

MS. McCAMMON: \$39.9 actually.

MR. TILLERY: That is the right number.

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

MS. McCAMMON: Interest, fees ...

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

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

MS. WILLIAMS: So, it's really Exxon minus interest.

I'm confused.

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

MS. McCAMMON: Right.

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

MS. McCAMMON: Yes.

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

MS. McCAMMON: In the Restoration Plan.

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

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

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

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

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

flexibility

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

MR. RUE: Mr. Chairman.

MR. TILLERY: Mr. Rue.

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

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

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

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

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

MR. TILLERY: Ms. Williams.

MS. WILLIAMS: The trade-off obviously is though, we want the Restoration Plan not to be responsive to what we think that the world is going to look like in 2002, but what the world really looks like in 2002, and so, I -- I am less anxious to start defining what the restoration reserve should look like now.

I think certainly we need to do it before we draw this black line, so certainly two or three years before 2002, but much before that, I just get a sense of prematurity. Heaven only knows what's going to happen between now and 2002, and I would hate to, you know, pre-suppose that we could, you know,

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

MR. TILLERY: Mr. Wolfe.

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

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

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

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

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

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

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

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

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

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

spent over the next three years, but beyond that it got very fuzzy, and we actually were not able to achieve the idea of how - - having to figure out how we could spend things over seven years. It just isn't possible at this time, and what we have put together is an approach which shows you our best ideas of how things would be funded in the next three years with the idea that every year we would be able to look a little further down the road and be a little bit more definitive about where we're going.

As part of this and trying to reach this, kind of seven year overall plan, too, is our goal this winter is to really focus on the injured species list and recovery objectives and really try to see what is possible and do-able within that frame work. This work plan was developed then -- actually, over the past two years. It started with the FY '95 work plan, and a number of workshops that we held with the core reviewers, with which what has become the core reviewers, and these are folks like Pete Peterson and George Rose, Chris Haney, Phil Mundy, who are, I think, nationally and internationally known scientists and very highly respected for their technical expertise. They helped, through a series of workshops, develop the invitation to submit restoration projects for fiscal year 1995, and this was our first effort to really look at, if something -- if a resource or a service is not recovering, why not? What are the issues? Is it food, is it oil, what are the major issues there? And, then we start pinpointing where the major focus of our research should be. The results of the workshop were published in this document,

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

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

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

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

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

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

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

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

(Off Record 10:55 a.m.)

(On Record 11:02 a.m.)

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

wishes to comment?

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

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

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

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

MR. TILLERY: Ms. McCammon.

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

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

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

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

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

MS. McCAMMON: I believe it does.

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

MS. McCAMMON: It's on the top of page 8, of the long sheet.

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

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

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

opportunity to comment will have that.

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

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

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

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

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

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

CORDOVA MODERATOR: No, there isn't.

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

JUNEAU LIO: No.

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: It certainly will make this briefer.

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

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

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

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

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

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

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

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

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

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

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

MS. McCAMMON: I believe that's it.

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

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

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

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

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

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

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

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

MR. TILLERY: Mr. Wolfe.

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

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

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

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

) MR. TILLERY: We have a ...

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. HINES: Yes, Mr. Chairman.

MR. TILLERY: Mr. Hines.

MR. HINES: Just one quick question about the

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

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

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

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

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

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

MR. LOEFFLER: I believe FY '98.

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

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

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

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

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

MR. TILLERY: Ms. Williams.

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

MS. McCAMMON: Yes.

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

MR. TILLERY: Further, Commissioner.

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

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

(Aside discussion)

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

MS. McCAMMON: Go to herring.

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

cluster.

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

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

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

MR. TILLERY: Commissioner.

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

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

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

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

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

MR. TILLERY: Do you have other questions?

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

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

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

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

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

MR. LOEFFLER: That is correct.

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

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

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

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

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

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

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

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

MR. TILLERY: Any further comments or questions?
Proceed with the next cluster.

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

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

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

processes for most of the injured resources and services.

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

MR. RUE: Bob, which page is that?

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

MR. SENNER: Fifteen at the bottom.

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

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

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

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

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

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

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

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

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

MR. HINES: Thank you.

MR. TILLERY: Additional questions?

MS. McCAMMON: Mr. Chairman, there's also one unique element to this particular cluster, and that is the funding. In the past, the funding has been achieved by a reimbursable services agreement between the Department of Fish & Game and the University. The University then does a subcontract with the Prince William Sound Science Center. So you have about -- you have three layers of bureaucracy in there. The University made it very clear last year that they did no -- they no longer wanted to contract out with the Science Center, that is was actually just more hassle than it was worth to them at that point, so the Science Center portion of this project was submitted under NOAA's broad agency announcement and will be administered in that fashion. So, what we have is -- the way the broad agency announcement works, it goes beyond fiscal years and requires a deliverable at the end. So, in order to do that, we have to start going into FY97 funds in order to get the deliverable of the data analysis and report writing for the Science Center portions. So, in this one instance, what we're recommending is funding continuation level funding at 4.5257 for the entire project, but an additional \$589,100 for the report writing costs of the Science Center portion of that program that will then be -- they're basically FY97 costs that need to be front-loaded at this time. It would be whatever target figure we have for FY97 total, these costs would be taken out of that number. We checked

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

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

MS. McCAMMON: Correct.

MR. RUE: That's an important

MS. McCAMMON: Yes.

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

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

MR. WOLFE: Okay.

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

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

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

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

confusing there.

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

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

MR. WOLFE: Okay.

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

MS. McCAMMON: Out of the 14.

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

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

MR. WOLFE: Okay.

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

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

. .

MS. McCAMMON: Correct.

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

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

MR. WOLFE: It's an estimated placeholder.

MS. McCAMMON: Correct.

MR. WOLFE: Okay. Thank you.

(Aside comments)

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

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

MR. TILLERY: Where's that?

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

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

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

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

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

MS. McCAMMON: Four point five.

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

MS. McCAMMON: No. Well --

MR. TILLERY: . . . these things.

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

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

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

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

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

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

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

MS. McCAMMON: Case by case.

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

need to know every year perhaps.

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

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

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

MS. McCAMMON: Yes, there should be.

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

(Off record 12:15 p.m.)

(On record 12:49 p.m.)

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

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

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

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

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

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

the -- during the commercial fishing in the inlet. Fortunately, the run isn't -- while there are still some significant questions about the return-for-spawners, the run has not been as had been predicted a few years ago. Nevertheless, the project work is a dramatic success in the sense that it has been used by the Department of Fish & Game in-season to identify the portion of the catch on its way to the Kenai and other sockeye spawning streams. It's a technically excellent project that we're quite proud the Trustee Council has developed for the resource. The questions that remain on it are at what level it should be supported this year, whether further development to refine it is necessary to sub-stocks in the Kenai, and when it will be taken over as normal agency management by the Department of Fish & Game. It is now fully operational -- a useful tool I understand.

With respect to research, we have an imperfect understanding of the mechanism and the amount of injury wrought by the over-escapement event Bob referred to from 1987 through '89, and these -- the two research projects are designed to provide essentially deeper insight into the mechanism and amount of injury and the extent to which that injury continues. You'll notice that both the stock separation and research components are deferred, other than interim expenses are deferred, and they are deferred so that we can take a look at the extent to which the injury is continuing. That is, in previous years we said we would either cut off these projects or continue them, depending upon the return of the five year -- the return this year. So, it's

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

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

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

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

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

MR. TILLERY: Mr. Rue.

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

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

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

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

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

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

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

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

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

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

MR. LOEFFLER: No, I didn't.

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

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

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

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

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

MR. TILLERY: Questions? Dr. Spies.

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

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

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

Sound-wide the killer whales are in pretty good shape; this one pod does have apparently continuing problems.

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

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

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

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

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

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

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

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

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

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

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

whale work in the future.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: Questions? Deborah Williams.

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

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

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

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

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

MR. TILLERY: Ms. McCammon.

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

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

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

MR. TILLERY: Commissioner.

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

MS. McCAMMON: The project's developed.

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

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

MR. TILLERY: Ms. Williams.

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

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

(Aside comments)

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

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

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

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

sites.

MS. BERG: (Inaudible)

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

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

MS. BERG: (Inaudible)

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

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

MR. TILLERY: Commissioner Rue.

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

MR. WOLFE: 155,000.

MR. RUE: For this year?

MR. WOLFE: For this year.

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

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

MR. TILLERY: Is that your suggestion or what is your

--

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

MR. TILLERY: Other questions or comments?

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

(Aside comments)

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

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

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

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

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

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

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

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

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

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

UNIDENTIFIED VOICE: (Simultaneous talking) ninety days.

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

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

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

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

MS. MCCAMMON: Right.

MR. TILLERY: Mr. Wolfe.

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

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

MR. WOLFE: Okay. Okay.

MR. TILLERY: (Simultaneous talking) court request.
The money's --

(Simultaneous talking)

MR. WOLFE: That's fine.

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

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

That's fine.

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

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

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

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

MR. TILLERY: Is that something that you should

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

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

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

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

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

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

Trustee Council has adopted, this may be appropriate to do now. It's being funded in '95 on a pilot basis. They are in the field right now, results are coming in, and this project is going to get a very hard, thorough review at the end of November, after there have been at least preliminary analyses from this field season. We don't know what the ultimate recommendation will be.

It is a big piece of money. It's a major new commitment, and we simply have to defer on most of that.

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

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

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

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

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

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

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

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

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

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

(Laughter)

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

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

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

MR. RUE: Yeah.

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

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

important to think about.

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

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

(Laughter)

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

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

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

review process this fall.

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

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

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

MR. TILLERY: Anything further?

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

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

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

The second strategy is replacing or enhancing injured

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

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

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

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

The final strategy is testing subsistence resources for food

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

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

MR. TILLERY: Questions, Mr. Hines?

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

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

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

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

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

MS. SCHUBERT: Well --

MR. TILLERY: . . . participation --

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

MR. TILLERY: It does.

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

MR. TILLERY: It seems to me . . .

MS. McCAMMON: . . . program.

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

MS. McCAMMON: The categories aren't exact.

(Laughter)

MR. RUE: Mr. Chairman.

MR. TILLERY: Mr. Rue.

MR. RUE: I think Sandra made a good observation

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

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

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

MR. TILLERY: Mr. Wolfe.

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

MS. McCAMMON: Mr. Chairman, it's been recommended as a pilot effort . . .

MR. WOLFE: Okay.

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

MR. TILLERY: Other questions on subsistence.

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

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

MR. TILLERY: Comments, Ms. Williams?

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

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

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: Any additional comments?

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

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

Reducing marine pollution?

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

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

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

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

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

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

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

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

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

(Laughter)

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

Where do we go now?

MS. MCCAMMON: There were only two other clusters that

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

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

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

(Laughter)

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

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

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

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

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

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

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

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

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

MS. MCCAMMON: That's already . . .

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

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

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

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

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

MS. McCAMMON: No.

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

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

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

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

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

...

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

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

MS. McCAMMON: Correct.

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

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

MS. McCAMMON: For sample analysis.

MR. TILLERY: For sample analysis.

MR. McCAMMON: I believe that's it.

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

MS. McCAMMON: Plus \$50,000.

MS. WILLIAMS: I added that.

MS. McCAMMON: Yes.

MS. WILLIAMS: Good.

MR. TILLERY: Do we have a second?

MS. WILLIAMS: Second.

MR. TILLERY: Is there discussion?

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

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

MR. TILLERY: Commissioner.

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

MR. TILLERY: Commissioner Rue.

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

this I -- this is an incredible amount of work, and I know from my staff they appreciate, I think, the attitude of Molly and her staff in trying to come up with a package that makes sense. I'd also like to give Stan Senner and Dr. Spies some kudos here as well. I really appreciate your oversight and the credibility you bring to the process, and I'm looking forward to December.

(Laughter) So, I think that -- I believe we'll get a fair hearing. I think anyone who brings a project to the table will get a fair hearing, if we're not -- and I think that's critical, and I think you brought a lot of credibility to the program. I would just add that to the other kudos.

MR. TILLERY: Ms. Williams.

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

MR. TILLERY: Anyone else wish to comment.

MR. McCAMMON: I -- just one more comment.

MR. TILLERY: Ms. McCammon.

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

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

ALL TRUSTEE COUNCIL MEMBERS: Aye.

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

(Off Record 2:52 p.m.)

(On Record 3:05 p.m.)

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

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

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

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

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

MR. TILLERY: Okay.

UNIDENTIFIED VOICE: Which project?

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

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

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

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

MS. WILLIAMS: So moved.

MR. RUE: Second.

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

Wolfe.

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

MS. McCAMMON: 3439.6.

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

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

MR. WOLFE: Okay, thank you.

MR. RUE: I have a question.

MR. TILLERY: Mr. Rue.

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

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

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

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

on the oil spill.

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

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

ALL TRUSTEE COUNSEL MEMBERS: Aye.

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

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

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

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

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

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

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

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

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

MR. WOLFE: Second.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: Yes.

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

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

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

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

MS. McCAMMON: That interest breaks down.

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

MR. BARRY ROTH: Yes, Mr. Chairman, a couple of things. First, on Mr. Wolfe's point, these investments, although they mature a certain date, are easily breakable, and the money can be pulled out at any time, which is one of the requirements.

So, in your point of concern -- the other is on -- in terms of the interest rates, the spread between the interest rate in a five or six year period on the zero coupons is so small that there is no real big earnings advantage built in, and -- but I think the reason why the investment advisors set at these increments was because balancing the risk of having interest rates will fluctuate, and, of course, on maturing, because we're investing two million now on zero coupon basis, you're going to get more than two million back out of each of those investments.

At the time you're going to get six years of accrued interests on top of it.

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

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

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

ALL TRUSTEE COUNCIL MEMBERS: Aye.

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

(Off Record 3:30 p.m.)

(On Record 3:42 p.m.)

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

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

MR. TILLERY: Are there questions? Commissioner Rue.

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

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

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

MR. TILLERY: Mr. Hines.

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

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

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

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

MR. TILLERY: Questions?

MR. WOLFE: Mr. Chair.

MR. TILLERY: Mr. Wolfe.

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

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

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

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

September, and not wait until December.

MR. TILLERY: Ms. Williams.

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

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

MR. PIPER: Mr. Chair.

MR. TILLERY: Mr. Piper.

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

MR. TILLERY: Mr. -- Commissioner Rue.

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. TILLERY: ... which is my major concern. Ms.

Williams.

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

UNIDENTIFIED VOICE: It's a herring project.

(Laughter)

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

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

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

MR. TILLERY: Commissioner.

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

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

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

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

MS. McCAMMON: I think, Mr. Chairman, also in response to Deborah's concern that -- if we get it and maybe not even tied in definitely to the September meeting because, I think you're right, we're going to be making a big effort on small parcels in the six months, and it may be -- it may be a simple fact that a couple of teleconferences we get all of the information we need and additional documentation and it would be simple to put forth.

It may need some more lengthy discussion and work, in which case I think we should be clear that the priority is to get the small parcel package complete, and if that means not coming back with a

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

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

MR. TILLERY: Mr. Wolfe.

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

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

ALL TRUSTEE COUNCIL MEMBERS: Aye.

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

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

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

adjourn this meeting, as opposed to continuing it.

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

MR. RUE: Second.

MR. TILLERY: All in favor?

ALL TRUSTEE COUNCIL MEMBERS: Aye.

MR. TILLERY: The meeting is adjourned.

(Off Record 4:07 p.m.)

END OF PROCEEDINGS

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CERTIFICATE

STATE OF ALASKA)
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THIRD JUDICIAL DISTRICT)

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

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

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

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

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

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