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TRUSTEE COUNCIL MEETING  
Thursday May 2, 1996  
10:00 o'clock a.m.

Federal Building  
Juneau, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT OF FISH AND GAME: **MR. FRANK RUE (Chair)**  
Commissioner

U.S. DEPARTMENT OF THE INTERIOR: **MS. DEBORAH WILLIAMS (Chair)**  
Special Assistant to the Assistant Secretary

STATE OF ALASKA - DEPARTMENT OF LAW: **MR. CRAIG TILLERY**  
Trustee Representative for the Attorney General

U.S. DEPARTMENT OF AGRICULTURE - U.S. FOREST SERVICE: **MR. PHIL JANIK**  
Regional Forester

U.S. DEPARTMENT OF COMMERCE - NMFS: **MR. STEVE PENNOYER**  
Director, Alaska Region

STATE OF ALASKA - DEPARTMENT OF ENVIRONMENTAL CONSERVATION: **MS. MICHELE BROWN**  
Commissioner

**TRUSTEE COUNCIL STAFF PRESENT:**

MS. MOLLY McCAMMON Executive Director  
EVOS Trustee Council

MS. TRACI CRAMER Director of Administration  
EVOS Trustee Council

MS. REBECCA WILLIAMS Executive Secretary  
EVOS Trustee Council

MS. L. J. EVANS Public Information Specialist  
EVOS Trustee Council

MS. GINA BELT U.S. Department of Justice

MR. JAMES WOLFE U.S. Forest Service

MR. DAVE GIBBONS U.S. Forest Service

MS. CATHERINE BERG U.S. Fish and Wildlife Service

MR. GARY MUEHLENHARDT U.S. Fish and Wildlife Service

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(Tape No. 1 of 3)

(On record at 10:00 a.m.)

1  
2 CHAIRMAN RUE: Good morning, everyone. I'm Frank  
3 Rue, Commissioner of Alaska Department of Fish and Game. I  
4 guess I have the honor, since you all pulled a parliamentary  
5 trick on me and just recessed last time, I continue to chair  
6 the meeting.

7 This is the Exxon Valdez Oil Spill Trustee Council  
8 meeting. Today is Thursday, May 2nd, 1996. I'd like to point  
9 out that we have with us today Craig Tillery representing the  
10 Department of Law; Michele Brown representing the Department of  
11 Environmental Conservation; Steve Pennoyer, Director of  
12 National Marine Fisheries Service; Deborah Williams, Department  
13 of the Interior; Phil Janik, U.S Forest Service; and myself,  
14 Frank Rue with the Department of Fish and Game.

15 I'd like to call the meeting to order, and I believe  
16 we also have Anchorage on line; is that correct, Molly? Molly  
17 McCammon.

18 MS. MCCAMMON: We have Anchorage on line and Port  
19 Lions at this time, and then also Dr. Spies in California.

20 CHAIRMAN RUE: Okay. Before we begin with the  
21 agenda, I would like just to announce that we have Lois  
22 Schiffer. She's the Assistant Attorney General for the  
23 Environmental and Natural Resources Division of the U.S.  
24 Department of Justice. She's here to make sure that, I guess,  
25 we stay on the straight and narrow, do our job well. Would any  
other Trustee Council Members like to recognize members of the

public here?

4

(No audible response)

1 CHAIRMAN RUE: Okay, hearing none. Molly McCammon,  
2 Executive Director, would you like to -- we need to first look  
3 at the agenda. Has everyone had a chance to review the agenda?

(No audible response)

4 CHAIRMAN RUE: Okay. Any objection to the agenda?  
5 Any changes?

6 MR. TILLERY: Mr. Chairman?

7 CHAIRMAN RUE: Yes, Mr. Tillery?

8 MR. TILLERY: I would like to make a motion to add an  
9 item to the agenda. I would like to move that we add  
10 consideration of the four small parcels that are mentioned  
11 under the Small Parcel section of your binder and are nominated  
12 as parcels meriting special consideration. I would like to add  
13 that to the agenda as a potential action item that the Council  
14 takes up.

15 CHAIRMAN RUE: All right. Any discussion on that?  
16 Anyone have an objection to adding that?

(No audible response)

18 CHAIRMAN RUE: Where would you suggest we put that?

19 MR. TILLERY: I would guess it would be appropriate  
20 this afternoon, either before or after the executive session on  
21 habitat.

22 CHAIRMAN RUE: Okay. I would suggest we put it  
23 before the executive session.

24 MS. WILLIAMS: I would prefer that it be after.

25 CHAIRMAN RUE: You'd like it after. Okay, after  
that. Okay.

MR. TILLERY: Okay.

CHAIRMAN RUE: All right. Any other suggested changes to the agenda?

(No audible response)

MS. WILLIAMS: Mr. Chairman, I move that we approve the agenda as modified.

MR. JANIK: Second.

CHAIRMAN RUE: Okay. Moved by Ms. Williams and seconded by Mr. Janik. Any objection?

(No audible response)

CHAIRMAN RUE: Hearing none, agenda is approved. Now, did everyone have a chance to look at the meeting notes from December 11th, January 12th, February 23rd, the 28th, April 15th?

MS. WILLIAMS: Yes, Mr. Chairman, I did.

CHAIRMAN RUE: Good. Everyone had a chance. Does anyone have any suggestions, comments?

(No audible response)

MR. PENNOYER: Mr. Chairman, do you require a motion to approve then?

MS. BROWN: Second.

CHAIRMAN RUE: Okay. It's been moved by Mr. Pennoyer, seconded by Ms. Brown that the meeting notes be approved. Any objection?

(No audible response)

CHAIRMAN RUE: Hearing none, they're approved. I guess I've just been notified that Seward and Chenega Bay are also on line. Okay. Now, let's see. The next item on our agenda is the Public Advisory Group report. Molly, would you

like to introduce that for us?

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MS. McCAMMON: Mr. Chairman, we have Vern McCorkle, who is the Chair of the Public Advisory Group, here in person to give an update on the most recent meetings of the Public Advisory Group.

CHAIRMAN RUE: Okay.

MR. McCORKLE: Thank you, Molly. Good morning, ladies and gentlemen, and to all of those who are online. Thank you for listening in as well.

Most of you have in your packet a copy of a summary of the meeting that we had on March 13th, so it's not important or necessary for me to go into great detail on all of those things. I'd like to perhaps amplify one or two statements and add a couple of other footnotes.

By way of footnotes, the Public Advisory Group would like to express its thanks and appreciation for the time that Council Members, the Trustees, can attend some of the PAG meetings. Recently, Deborah and Craig have been at our meetings and it's very helpful. We appreciate that very much.

We know you have some things to do, but squeezing us in is much appreciated.

The majority of our meeting was given over to receiving reports from others, and so not a great deal of action was taken by the Public Advisory Group. However, we do continue to have continuing interest in a great number of activities in our role as advisors to the Council. We continue to watch with following interest the land acquisition program, and we're particularly interested in the small parcels program.

I'm glad to see that that may be part of the agenda for later

today.

1 We also note what we perceive to be a declining  
2 interest of the public, not only in what the Public Advisory  
3 Group does; we used to have a chamber full. And I don't know  
4 if that is noted here, but we're concerned about that. And we  
5 think perhaps it's because maybe a lot of things are working  
6 out well. Maybe people are not as -- either as uninformed as  
7 they were two or three years ago or are pleased with things  
8 that are happening. We hope that's true.

9 However, we'd like to emphasize that the attempts to  
10 provide outreach and public information are things that we  
11 think are very, very worthy. Some examples were reported by  
12 Executive Director McCammon in our minutes, which include  
13 things like the radio program, the Alaska Coastal Currents, and  
14 the potential for a GIS database and, of course, the work that  
15 the OSPIC continues to do, and the thousands of requests that  
16 they have for information seem to indicate that outside of  
17 Alaska there's continuing interest here.

18 Molly asked the Public Advisory Group if we thought  
19 it was worthy that the newsletter should be continued. And the  
20 response was a resounding and unanimous yes. We thought that  
21 not only was it well prepared and gave a lot of good  
22 information, that is an important tool and can become  
23 increasingly important as we try to get more information out to  
24 the public.

25 You'll note in the minutes, under the PAG members'  
individual comments, a number of folks are still proposing  
endowed chairs as one way to use the restoration reserve. That  
is not a unanimous approach of the Public Advisory Group, but

in keeping with the request from Mr. Tillery that we bring even<sup>8</sup>  
minority views up for consideration, we put that back on the  
table for consideration.

1                   It was the interest of the Public Advisory Group when  
2 it first brought this idea of a reserve fund forward two and a  
3 half years ago that it be used in a way that would foster,  
4 encourage, and support the original idea of the action and  
5 activities of the Trustee Council. And that still is part of  
6 the record.

7                   We are also quite hopeful that there will be  
8 appropriate methods and means taken to recognize the tenth  
9 anniversary of the spill. Molly and her staff are working on  
10 that, and we think that it's something that if we plan far  
11 enough ahead of time that it can come off splendidly.

12                   We are awaiting the report of Chief Scientist Spies  
13 with great interest with respect to his experience in Wales, in  
14 hopes that what has been learned by our experience here will in  
15 fact be helpful to other areas in the world that experience  
16 spills. So we're hoping that will come true.

17                   Also, there was a report at our last meeting that it  
18 is difficult to differentiate between the normal agency work  
19 done by agencies and the proposed EVOS projects that agencies  
20 wish to do. We do not accept that. We think that we need to  
21 go back and give it another try because we think that there can  
22 be a protocol arrived at to differentiate between what agencies  
23 do as their normal work and what they do with the spill funds.

24                   Finally, it's important that we again say to you how  
25 much we appreciate the work of Molly McCammon and her staff.  
We wish to note also that work done by Veronica Christman.

Veronica can take the most complex subjects and make us understand more particularly what they are. And Doug Mutter, of course, is there to keep me out of trouble. And I guess I should pass out a hand to Ernie Piper, who sometimes is seen as being the enemy but who is, in fact, a very great expert and a person who helps us understand a lot about what his department is doing. So thank you all.

That's the end of our remarks, and we'd be glad to respond to any questions if there happen to be any.

CHAIRMAN RUE: Thank you, Vern. Any questions? Steve?

MR. PENNOYER: Thank you, Mr. Chairman. Vern, you brought up a topic of -- you discussed the policy we were wrestling with about the expenditures, agency versus Exxon Valdez. Did you have specific suggestions there? It wasn't for a lack of wanting to do it that we sort of backed off, but it was a difficulty in trying to define it.

MR. MCCORKLE: Yeah. We understand, Mr. Pennoyer, that that might not be an easy thing to do. But we've all been in government work for many, many years, and we know we have to do it, and it can be done when it must be done. We think that to preserve and protect the integrity of the Council and to serve public opinion, that where we can in fact say that Agency A does X, Y, and Z, but it has proposed to do N or P, that those two be differentiated from X, Y, and Z. And we think that can be done.

Maybe it has to be -- maybe it cannot be done to the absolute ultimate, but it is important, I think, that the public feels that we are simply not salting away dollars in

agencies to do the work that they are mandated and funded to do by the state or the federal government. And that those two governmental agencies don't see the Trustee funds as the way to do work they would like to do but couldn't be funded to do from their own funding sources.

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MR. PENNOYER: Sure. I think we're in agreement with that concept, of course, right from the start, and I think on a case-by-case basis that's what we've tried to do. And the difficulty came with coming up with anything that was either specific enough to do some good or broad enough not to -- not allow things that were important to the Council. So I appreciate your comments.

MR. McCORKLE: It is important, I think, to note that in the coming round, that your staff has tried to find a way, as best as possible, to achieve that in the proposals for the new projects. But as difficult as it may be, I still maintain that it can be done and should be done.

MR. PENNOYER: Thank you.

MR. McCORKLE: Thank you.

CHAIRMAN RUE: Are there any other questions?

(No audible response)

CHAIRMAN RUE: Thank you very much.

MR. McCORKLE: Thank you very much. I appreciate the chance to visit with you today.

CHAIRMAN RUE: Okay. Thank you. The next item on the agenda is the Executive Director's Report. Molly, would you like to lead us through that?

MS. McCAMMON: Yeah, thank you, Mr. Chairman.

CHAIRMAN RUE: Thank you.

MS. McCAMMON: I'd like to report on a number of items that have been occurring in the past few months. The first one in your packet is the financial report as of March 31, 1996, which indicates the Joint Trust Fund account balance. It also indicates the balance in the Restoration Reserve, which I'm happy to report has been established and funds have been invested in it. If you have any questions at all about any of the balances in the funds, just give me a call at any time.

One thing I would like to note, that the section that says, "Less remaining commitments - Note 7," the \$70 million there does include the \$16-1/2 million for a potential Koniag phase two deal that was part of the original Koniag agreement.

We've been spending a lot of time in the last couple of months on kind of communication efforts and outreach efforts, experimenting with various ways to get the results of the Council's science program and restoration efforts out to the general public. One of the tools we've used is our annual report, and I believe you've all seen a copy of the most recent annual report. We have lots of extra copies of those. They were very useful tools last year in handing out to the public to give a really good description overall of the Council's restoration efforts.

In addition, we have the newsletter which goes out approximately four to six times a year. One of the things we did over the winter was initiate a new program, on an experimental basis, called Alaska Coastal Currents. And this is a radio program that's being heard on public radio stations throughout the spill area. It is currently being heard in

Valdez; Cordova; Anchorage, which goes to Kenai, Seward, and 12  
Dutch Harbor; Dillingham and Chignik; Kodiak; and Homer. Homer  
should be, shortly, online.

1                   And what I'd like to do real quickly is, if you  
2 haven't had the chance to hear one of these, is just play one  
3 really quickly. It'll last about two minutes. Basically,  
4 they're kind of brief snapshots of the Council's restoration  
5 efforts and science program. We're looking at this as one tool  
6 of getting some of the results out to the general public.

7                   (Audio cassette tape played)

8                   "MS. SEITZ: Sometimes what salmon fry can  
9 keep them from being eaten. Welcome to Alaska  
10 Coastal Currents, a series about research and  
11 restoration following the Exxon Valdez oil  
12 spill. I'm Jody Seitz.

13                   "Each spring during the plankton bloom,  
14 nature fills its gas tank for one more year as  
15 billions of tiny plants and animals turn light  
16 into energy for the entire food web. Hatchery  
17 managers have known for years that it's best to  
18 release salmon fry into the bloom. When  
19 plankton is abundant, the fry grow faster and  
20 are less likely to be eaten.

21                   "It turns out that abundant plankton can  
22 also cut down on predation another way.  
23 Predators eat the plankton, says Ted Cooney, of  
24 the University of Alaska, Fairbanks.

25                   "MR. COONEY: It now looks like at least  
part of the story, and maybe only in some years,

1 is associated with a kind of refuge, that the  
2 little fry find as they go out into the plankton  
3 bloom, their predators occupied, at least under  
4 conditions of high plankton, mostly be feeding  
5 on plankton. So the big pollock that could eat  
6 fry, in a year of high zooplankton, would eat  
7 zooplankton instead.

8 "MS. SEITZ: The belt the zooplankton  
9 cover, hatchery fry releases, can sometimes turn  
10 into a feeding frenzy for predators. But in the  
11 spring of 1994, pollock weren't just eating fry,  
12 they were also gorging on plankton, right around  
13 the hatchery.

14 "Most of the zooplankton in fish studies  
15 during that season were choice little balls of  
16 energy, called neocalanus plimcorse and  
17 neocalanus plimingeri. These cocopods are big  
18 enough and form dense enough layers to be  
19 appealing, even to fish as large as adult  
20 pollock. By eating them instead of young fish,  
21 the pollock gets a higher energy benefit.

22 "MR. COONEY: Fat enters the food web in a  
23 variety of ways. We know that in the case of  
24 the herring and pink salmon, that the juveniles  
25 that eat these cocopods have their fat reserves.

That adult herring and pollock eat the cocopods  
as well. So it's really quite an important  
forage resource.

"MS. SEITZ: Alaska Coastal Current is

funded by the Exxon Valdez Oil Spill Trustee Council. For more information, contact the Trustee's Office in Anchorage."

(End of audio cassette tape)

1  
2 MS. McCAMMON: Well, the feedback that we've heard so  
3 far has been really positive. And at this point, we're  
4 continuing the pilot effort until October, and at that time,  
5 we'll reevaluate and see if it's worth continuing on. But this  
6 is just one of the ways we're trying to get some of the results  
7 out to the general community.

8 MS. WILLIAMS: Mr. Chairman?

9 CHAIRMAN RUE: Yeah.

10 MS. WILLIAMS: Are we paying to place the spots, or  
11 is public radio placing them for free?

12 MS. McCAMMON: Public radio is getting funded to do  
13 the production and for their costs, their time that's put into  
14 the marketing effort, but we are not actually paying to place  
15 them.

16 MS. WILLIAMS: Thank you.

17 CHAIRMAN RUE: Okay.

18 MS. McCAMMON: We're also working with various  
19 television stations, Alaska Native News with Jeanie Greene and  
20 with the public TV stations also, exploring some possibilities  
21 with television as another kind of avenue of getting this kind  
22 of information out to general public.

23 Another part of our outreach effort this year was a  
24 major swing around the Kodiak villages in late March. This was  
25 the first time that Council staff had gone out to the Kodiak  
villages since, I believe, a series of planning meetings in

1993. We managed to have spectacular weather, similar to what<sup>15</sup>  
we have outside the window. We went to six villages in two and  
half days with probably no delays exceeding more than about ten  
minutes, which is probably unprecedented on Kodiak Island.

The meetings that we had there were very well  
attended. There's a lot of interest in the communities about  
the Trustee Council process. As in most other communities,  
people do not differentiate the Council's civil trust funds and  
any criminal funds held by either the federal or state side.  
It's all oil spill money from their perspective; it's all  
thrown into one pot. So there's a lot of interest in a lot of  
things that the state has been doing and the federal side has  
been doing.

I think, just to summarize kind of, some of the key  
points that were made in almost every community, people in  
Kodiak are very concerned about their ability to respond to  
future oil spills. There's a lot of concern due to some recent  
accidents off the coast of Kodiak Island and due to any  
potential accidents that might occur if there is increased  
tanker traffic due to the lifting of the oil export ban. That  
was a big issue with all of the villages there.

Another issue that we heard in almost every community  
was, What can you do about crab? Our crab resources are down.

They haven't come back. Please do something about crab.  
That's something we heard consistently. And I think the third  
issue that we heard most consistently -- and this is actually  
very consistent with other communities in the spill area.

There is still -- and I can't emphasize this enough.  
There is still a great deal of concern that the Trustee Council

process and the use of the Trustee Council funds does not recognize or acknowledge damages to cultural resources, to the cultural, spiritual aspect of subsistence. The communities basically do not totally buy off on the argument that the way to restore subsistence uses is to restore the resources. They continue to strongly believe that subsistence is broader than just use of the actual resources, that it includes sharing of traditional knowledge and that that has not been recognized through this process.

And in your packet, there is a more detailed version of the trip report. And I'd be happy to answer any questions.

CHAIRMAN RUE: Are there any questions of Molly? No?

MR. PENNOYER: One question.

CHAIRMAN RUE: Okay.

MR. PENNOYER: Molly, in the last item you brought up, what was your response? I mean, how are we, in terms of taking into account traditional knowledge and about any cultural requirements and so forth? We have subsistence projects; we've built a cultural center and museum in Kodiak at one point. I'm not exactly clear on what you thought was meant that we needed to do more than we're doing.

MS. McCAMMON: Mr. Chairman, I think that the kinds of things that -- well basically, what I've explained is that the legal interpretation of the settlement prohibits -- or at least has been -- let me put this a different way. The legal interpretation that we have used for determining what are appropriate uses of the settlement funds has really placed the emphasis on the resources themselves.

And we really work with the communities to try to

identify what their key issues and key concerns are for those resources, and to see if we could develop projects specifically related to them. And we continue to do so, and we did get a number of excellent ideas in the Kodiak community to follow up on.

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Regarding the broader issue, what I basically said is that the analysis that we've had is that it's outside the scope of the settlement and there have to be other ways of addressing that. That we try to do it to the extent we can, either through the restoration of archeological resources or restoration of the actual resources themselves. But there definitely are limitations. It's not a very satisfactory response, I must say.

MS. WILLIAMS: Mr. Chairman?

CHAIRMAN RUE: Yes.

MS. WILLIAMS: Just to follow up on that, is there a suggestion that the projects that we have been able to do in the cultural centers and some of these other projects, that they're not the right kind of project? Or were there suggestions made to you what the right kind of project would be?

MS. McCAMMON: Mr. Chairman. I think those, the cultural centers, spirit camps, those kinds of things are definitely down the right track or things that people want to see and they want to see more of them. Those tend to be things that are funded more under the state criminal funds than under the civil funds.

MS. WILLIAMS: Mm hmm (affirmative).

CHAIRMAN RUE: Mr. Pennoyer.

MR. PENNOYER: Just can I follow, then, that what we're really talking about are things like clan enhancement and things like that, or problem areas. People seem to still want that type of project.

MS. McCAMMON: Correct.

MR. PENNOYER: Okay. Thank you.

CHAIRMAN RUE: Okay. Any other questions for Molly?

(No audible response)

MS. McCAMMON: You also have in your packet a report from Dr. Spies' trip to Wales to visit the site of the Sea Empress spill. And if you have any questions on that, Dr. Spies is on line and could provide any further amplification, if you'd like.

MR. JANIK: Chairman?

CHAIRMAN RUE: Yeah, Phil.

MR. JANIK: If Dr. Spies is on line, perhaps he could just give us a little bit of a summary?

CHAIRMAN RUE: Yeah. I think that would be interesting. One thing I'm particularly interested in is the issue of dispersants and how that might have changed the impacts we saw there. Dr. Spies, are you on line?

DR. SPIES: Yes, I am. Good morning. I'm pleased to be here. It was a very interesting trip, and I think you touched on one of the key issues and perhaps one that may have pointed to quite a bit of difference in the impact, although I think also -- well, let me just back up a minute.

In the -- there's a table in there that compares miles of shoreline oil between the Exxon Valdez and the Sea Empress, and they had about 10 percent of the number of miles.

They only had a little over a hundred miles of oiled shoreline. And I think that relates to having a wide open Irish sea, kind of, to the west and also to the Bristol Channel to the south.

But also it was the aggressive use of dispersants, I think, must have played a role in that.

In addition, the -- just based on the carcass count, we only had about 10 perc- -- they only had about 10 percent of the number of carcasses recovered, sea bird carcasses, that we did, which kind of goes along with the shoreline oiling being reduced. And I think the aggressive use of dispersants may have played a role in that as well as the open water situation.

They applied dispersants to this slick soon after it had occurred and used them very aggressively within the four major kind of incidents that occurred during the spill of oil leaving the tanker. And in most cases, they were able to put down the dispersants when it was fairly fresh. Although they didn't get the agreement from the Minister of the Fisheries Department there to use them within a mile, but they did get a mile off -- further than a mile offshore, they used dispersants quite aggressively.

And I think it remains to be seen if there is any detectable effects of the pretty aggressive use of the dispersants because the oil was dispersed in a water column and probably went to the bottom in greater concentrations than you would have normally seen.

So does that answer your question, Frank?

CHAIRMAN RUE: Yes, it does.

DR. SPIES: Okay.

CHAIRMAN RUE: Did any other Council Members have questions of Dr. Spies?

MS. WILLIAMS: Mr. Chairman?

CHAIRMAN RUE: Yes.

MS. WILLIAMS: Dr. Spies, this is Deborah Williams. How are you?

(No audible response)

MS. WILLIAMS: Dr. Spies, what kind of follow-up research are they intending to do on, for example, the dispersion of the oil, the potential accumulation of either the dispersants or the oil in the food chain? And are we going to be participating in their subsequent research decisions in advance?

DR. SPIES: There's quite a large range of studies that are being formulated at the present. At the time that we were visiting there, they were just getting organized, and they had a meeting the week we were there to try to coordinate what was going on in terms of follow-up research. But there's research on the birds that's going on; there's daily -- there's monthly bird counts that the amateur group, the amateur ornithologists in Britain have organized. They've got a very good baseline there.

They're going to redo some of the work on the gray seals which were studied about three years before the spill; there was a good census done at that time. There's about a hundred intertidal and subtidal stations within Milford Haven, itself, which is the estuary where the spill occurred in the mountain, that estuary. And those stations are going to be followed up for studies in hydrocarbons and accumulation of

hydrocarbons by organisms and the effects on the estuarine communities.

1 So there's a lot of different things going on. And  
2 then there's other things going on offshore in terms of --  
3 because most of the impact was on shorelines outside where the  
4 baseline is not as good. But there's follow-up studies on  
5 shoreline impacts in those areas as well.

6 As far as our contributions, I think the most useful  
7 thing that we were able to do is, there was quite a bit of  
8 interest about what had been found in the Exxon Valdez spill in  
9 terms of the impacts. And I made available to Dr. Evans, who's  
10 head of the local branch of the Countryside Council for  
11 Wales -- it's a conservation organization that's kind of an  
12 umbrella for a lot of the impact studies. I made available to  
13 him a list of all the reports that are available now through  
14 the Roosevelt Lagoon Information Center, and have invited him  
15 to indicate which of those they would like to look at and we  
16 will ship those over to them.

17 And also I've extended an offer to provide any kind  
18 of scientific liaison that's available. So there may be some  
19 future contact in terms of involvement.

20 CHAIRMAN RUE: Okay. Great. Phil, you had a  
21 question.

22 MR. JANIK: Yes. Dr. Spies, in terms of oversight of  
23 post-spill activities, has there been any management structure  
24 or steering committees or such formed?

25 DR. SPIES: That was a little bit broken up. You're  
talking about a management structure for the follow-up studies;  
is that correct?

MR. JANIK: Yeah, for all of the follow-up activities to the spill, has there been any steering committee established, any of that kind of protocol?

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DR. SPIES: Yeah, we were quite interested in that, and they were kind of undergoing a evolution of the management of the -- and I think we were pretty much in the early stages, but there was, at the time of the spill, in the spill headquarters, there was not only a kind of a clean-up table, there was also a natural resources table in which representatives from the Countryside Council of Wales, Administrar of Agriculture and Fisheries and so forth, but all the players were -- in terms of natural resource impact, were at that table, and they were organizing themselves. They had some large meetings, as I said, at the time of our visit. And I've yet to see exactly what form that management will take, will occur under.

One of the interesting differences is that the spiller in this case is not liable for anything that is not directly related to decisions made on clean-up of the spill. For instance, in the case of the seals, the gray seals, which were probably impacted to some extent, it hasn't been determined yet how much, but even to go out and look at those seals again this coming season, that was not going to be reimbursed at all from the spiller or the spiller's insurance.

That would have to be a normal activity that the particular government agency responsible for those resources would have to undertake on its own budget.

There's a huge difference that I saw in what they were doing and what we've been doing.

CHAIRMAN RUE: Yeah, Steve. Go ahead.

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MR. PENNOYER: Mr. Chairman. Bob, good morning. I noticed in your report that you're talking about fisheries closed over a large part of Southwestern Wales. And I was wondering if that was a reaction to biological concerns for population status, contamination, or generally how that occurred and what the background was on that.

DR. SPIES: It was shut down almost immediately, and from what I could gather talking to a number of individuals and reading some of the local papers, it was more of a concern with the possible contamination of the fisheries' products and a conception by the public that they might be, you know, ingesting oil-contaminated.....

MR. PENNOYER: Thank you.

DR. SPIES: .....seafood products.

CHAIRMAN RUE: Okay. Deborah?

MS. WILLIAMS: Dr. Spies, I noted also in your report that the spill occurred, really, prior to most of the migratory birds being in the area, which was one explanation which was offered toward the lower than expected mortality rate. What -- have the birds now migrated into the area, or have there been any attempts to deter the birds from coming into that area? Are we finding more and more mortality with more birds migrating in area, et cetera?

DR. SPIES: At the time we were there, which was the week of March 11th, a lot of the sea birds that roost along the South Devonshire coast and the area that was affected by the spill had not returned in large numbers. There was still the local populations. There was not much oil left on the water,

and there was pretty -- a lot of natural clean-up, plus systems  
by clean-up crews on certain kinds of beach that are amenable  
to clean-up. There was not a lot of oil around for later  
migrating birds to get into.

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And if you look at the mortal- -- or the accumulation  
of carcasses over the period, it was beginning to reach an  
astrototic (ph) value. They weren't getting many additional  
carcasses by about that, about a month after the spill. So I  
think that they may have been lucky in the same way that we  
were lucky, in subspecies like the puffins, that they hadn't  
really gotten in, in large numbers, into the spill area until  
most of the water -- most of the oil was off the water.

CHAIRMAN RUE: I have a feeling that we could pursue  
this for a long time. And I know we promised the public that  
we'd have a public hearing portion at 11:30 a.m., and we've got  
a lot of agenda items. So unless people have pressing  
questions, should we move on?

(No audible response)

CHAIRMAN RUE: Okay. Great. Thank you.

MS. McCAMMON: Thank you, Mr. Chairman. Also in your  
packet is a spreadsheet that summarizes the proposals that we  
received as part of the FY '97 solicitation process,  
approximately 130 proposals totaling about \$36 million.

When we did our projections last year of, if the  
continuation projects were to go on this year and be funded  
this year, what would be their approximate cost, and last year  
we estimated that that cost would be about \$14 million. Our  
target this year is about \$16 million or so in work plan  
projects. I kind of thought it would be relatively easy to

come up with \$2 million in new projects and that our work would be pretty easy this year.

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As it turned out, the requests for continuation projects totaled nearly \$17 million instead of \$14 million. And so we basically have two tasks ahead of us. One is to go back to the continuation projects and reevaluate them and their proposed costs and then, secondly, to see what new projects go forward.

But I think it's very important that in order to keep this a dynamic process and to respond to issues and concerns that have been identified during the past year, that the Council fund new projects every year and close out on some of the old projects. So rather than an easy job this -- in the next month, it's actually going to be a little bit more difficult than we had imagined.

But you do have that in there, and if you have any questions about any of these proposals, I'd be happy to answer them.

CHAIRMAN RUE: Yeah, Deborah.

MS. WILLIAMS: Molly, just to clarify, the \$17 million in requests for continuation projects is included in the total \$37 million?

MS. McCAMMON: Yes, it is. Yes.

CHAIRMAN RUE: And I would assume that we are all going to look to make our projects as efficient as possible. I know that's quite a charge.

MS. McCAMMON: I've actually asked the agencies to go back and take another look at their proposals and their budgets and to come back again.

CHAIRMAN RUE: Great. Steve. Yeah.

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MR. PENNOYER: Mr. Chairman, just briefly. Molly, then the timetable on this? You've presented a general summary here, but in terms of what we accept, as individuals have to do, where does the Trustee Council next come into play on the process of decision-making?

MS. McCAMMON: What happens next is that the core reviewers have copies of all of these proposals. They meet in Anchorage in March -- or in May, excuse me, May 16th through the 18th to develop -- to give some advice to the Chief Scientist on these proposals. With that advice in hand, we meet with the restoration work force, the staff from all the agencies, and two members of the Public Advisory Group on May 23rd to develop a draft recommendation.

That draft recommendation will then be given to each of you by the agency liaison, and we will determine if there are any major issues or problems, at that time, that need to be worked out before it goes out to the public for public review and public comment. And in addition, the Public Advisory Group meets on June 5th before that draft recommendation goes out, too.

MR. PENNOYER: Mr. Chairman. So the intention is to put it out to public review on what date? June 24th?

MS. McCAMMON: It would go to public review on June 24th.

MR. PENNOYER: And we would have a meeting before that to do a preliminary review of what's going on?

MS. McCAMMON: Mr. Chairman. In the past, the last two years, the Council has not met formally to have a public

meeting to review those. It's been done more on an informal basis, working with the agency liaison. However, if there are any significant problems that develop that require a formal Council meeting, we would most certainly do so.

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MR. PENNOYER: Okay. Thank you.

CHAIRMAN RUE: Okay. Any other questions?

(No audible response)

CHAIRMAN RUE: Okay, great. Thank you, Molly.

MS. McCAMMON: Okay. Real briefly on habitat protection, we have two major efforts on large parcels. If you look at page two of the report, the Council has committed \$161.5 million to protection of more than 360,000 acres. The most recent acquisition, the Shuyak Island acquisition with Kodiak Island Borough, has closed.

We are currently in negotiation with seven other landowners: Afognak Joint Venture, Chenega, English Bay, Eyak, Koniag, Port Graham, and Tatitlek. Later on, in executive session, we'll be discussing the current status -- or discussing some of the elements of Chenega and Tatitlek.

For Afognak Joint Venture, we had hoped that we could get away, this summer, with merely a check cruise of a timber cruise that had been done by the landowner. It turns out we're going to have to do a complete appraisal for that acquisition.

The RFP has gone out for that appraisal; we hope to have an appraiser lined up within probably around 45 days from now. And hopefully that appraisal will be completed by the end of the summer and we can go into negotiations in the fall on that one.

For small parcels, on page two again, the table

1 indicates the status of the small parcel acquisitions,  
2 indicating that a number of offers have been accepted totaling  
3 843.9 acres for over \$7 million. Since this report was issued,  
4 there has been some questions raised by the River Ranch owners,  
5 and they are actually going back and, at this point, have not  
6 completely accepted and are looking at some additional  
7 information before they do make a final decision. But all of  
8 the others are still going forward.

9 The State parcels are -- final approval is currently  
10 in a supplemental appropriations bill that we're awaiting final  
11 approval by the Legislature. A number of offers are still  
12 under review. There are a couple offers that the landowners  
13 come back and either definitely reject it or come back with a  
14 counteroffer that is significantly above appraised fair market  
15 value. I'd be happy to answer any questions if anyone has  
16 them.

17 CHAIRMAN RUE: Okay. Are there any questions on  
18 either the large or the small parcel negotiations?

19 (No audible response)

20 CHAIRMAN RUE: Okay. I guess not.

21 MS. McCAMMON: Mr. Chairman. There are two other  
22 items I wanted to bring up at this time, one regarding the  
23 SeaLife Center. The bids for construction for the SeaLife  
24 Center were opened last week. Good news is that there were  
25 five bidders, and the apparent low bidder -- the contract has  
not yet been awarded -- is within 4 percent of the engineer's  
estimate of what it was going to cost to construct the  
building.

In addition, they are 14 percent below the estimated

1 AIDEA projection. So there was a projection made, going  
2 through the three separate estimates by the SeaLife Center, by  
3 SAAMS. And then AIDEA did a check estimate, and there was a  
4 range between those two. And the apparent low bidder is  
5 between those two ranges but only within 4 percent of the low,  
6 the engineer's estimate. So it's definitely on the low side;  
7 it's within the doable portion.

8 At this point, the project is attempting to get  
9 bridge financing for the visitation portion of the project.  
10 They are meeting with bond sellers at this point, and they hope  
11 to have that secured within the next few weeks.

12 CHAIRMAN RUE: Okay. Any questions on SeaLife?  
13 Yeah, Steve?

14 MR. PENNOYER: I'm sorry.

15 CHAIRMAN RUE: Just can't help it.

16 MR. PENNOYER: I'd just like one clarification on it.  
17 There was an article in the Seward Phoenix Log entitled  
18 "SeaLife Center Forges On." And it talked about financing the  
19 buildings, but it says that the building will have to be the  
20 bank's collateral. They have to be able to acquire it if  
21 there's a problem. Can you tell me what that means relative to  
22 the research part of the operations work on there?

23 MS. McCAMMON: Under the agreement that the  
24 Department of Fish and Game has with SAAMS and the City of  
25 Seward, the Department of Fish and Game or the State, on behalf  
of the Trustee Council, has basically -- under that agreement,  
has basically the first lien on the building. So what they're  
actually talking about is kind of who comes next in line.

MR. PENNOYER: Okay. Thank you.

CHAIRMAN RUE: Okay. Any other questions on that? 30

MR. PENNOYER: No.

CHAIRMAN RUE: Okay. Thank you, Molly.

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MS. McCAMMON: Okay, just one last item that I wanted to bring up, and that is just to notify you of a number of personnel changes within the Restoration Office.

I think most of you know that Bob Loeffler, who worked for the Restoration Office for, I don't know, at least three or four years, left a few months ago to go work for the Department of Natural Resources. And I do have a certificate of appreciation here that says the Exxon Valdez Oil Spill Trustee Council Members extend our deep appreciation to Robert M. Loeffler for your contribution to restoration of the resources and services injured by the Exxon Valdez oil spill as Director of Planning for the Trustee Council.

CHAIRMAN RUE: You'd like us to sign this?

MS. McCAMMON: And in support, I'd like you to sign that.

CHAIRMAN RUE: Okay.

MS. McCAMMON: To Bob.

CHAIRMAN RUE: I think that's easy. I think Bob did a great job in helping put together the restoration plan and, actually, many other of the pieces of this process. So I certainly have an easy time signing this. I think I originally hired Bob years ago on a totally different arena.

MR. JANIK: You can't sign it twice.

CHAIRMAN RUE: I can't sign it twice? No. Okay.  
Thank you, Molly.

MS. McCAMMON: The next one I have a little bit more

of a difficult time with because I'm still in a state of denial on this. And that is to let you know of the resignation of L. J. Evans as Public Information Specialist. L. J. is moving to Fairbanks shortly, like this weekend. And she has been involved with the spill, first with clean-up efforts in Valdez and then eventually being hired by the Department of Environmental Conservation, and then joining the Restoration Office as a Public Information Specialist.

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She has probably the most longevity with the whole process than almost anyone. I know I'm not the only one who can speak personally about her dedication and commitment to this process, her willingness to spend whatever time it takes to get the job done, her extraordinary patience with the public and with the media in providing information about the restoration process and the spill. And she will be greatly missed.

CHAIRMAN RUE: I'll second that.

MS. McCAMMON: So I also have a certificate for her.

MR. PENNOYER: Mr. Chairman?

CHAIRMAN RUE: Yes, Steve.

MR. PENNOYER: You know your job is going to be poorly reflected on by not just telling her no.

(Laughter, simultaneous speech)

CHAIRMAN RUE: Well, we don't have to sign this, you know.

MS. McCAMMON: I tried.

MR. PENNOYER: We could get down to applause.

CHAIRMAN RUE: Under protest; right?

MR. PENNOYER: I think she definitely deserves a

round of applause by us. I think that's.....

MS. McCAMMON: Yes.

(Applause)

1 CHAIRMAN RUE: I could see moving to Juneau, but --  
2 thank you, Molly.

3 MS. EVANS: My husband and job.

4 CHAIRMAN RUE: Oh, husband and job. Okay, that's our  
5 task. Thank you, Molly.

6 MS. McCAMMON: Those are going to be tough shoes to  
7 fill. We do have a couple of candidates that have applied, and  
8 I've been interviewing them and they've come over to the  
9 office. And we hope to have the position filled in the next  
10 month.

11 CHAIRMAN RUE: Okay.

12 MS. McCAMMON: And that's the extent of my report  
13 today.

14 CHAIRMAN RUE: Great. That's the extent, okay. One  
15 quick question for Council Members. It's about 11:00 a.m. We  
16 wanted to go to the public session at 11:30 a.m. We have one,  
17 two, three reports before that. Do we want to try and take a  
18 break any time or just go right through until noon? That's one  
19 question I have.

20 And perhaps, Molly, can you give us an estimate of  
21 time for how long you think each of the next three reports will  
22 take so that we can decide how we want to manage the next half-  
23 hour here.

24 MS. McCAMMON: Mr. Chairman, I think the report on  
25 residual oiling would take about ten minutes.

CHAIRMAN RUE: Mm hmm (affirmative).

MS. McCAMMON: The Sound Waste Management plan, ten minutes.

(Simultaneous speech)

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CHAIRMAN RUE: Yeah. Lots of time.

MR. WILCOX: We'd planned 30, but whatever.

MS. McCAMMON: Fifteen?

MR. WILCOX: Fifteen to twenty.

MS. McCAMMON: Twenty? Okay.

CHAIRMAN RUE: Okay.

MS. McCAMMON: Mr. Chairman, what I would suggest is that we -- if it's all right with you if we go to the report on the Residual Oiling Conference and the Sound Waste Management plan first, and then see where we are with the public comment period and then come back to the audit presentation, if that's okay with you.

CHAIRMAN RUE: All right. Does that sound all right with other Members of the Council?

(No audible response)

CHAIRMAN RUE: Okay. That didn't give us a break.

MS. McCAMMON: Oh.

CHAIRMAN RUE: But that's all right. That's fine with me. Why don't we.....

MS. WILLIAMS: Mr. Chairman?

CHAIRMAN RUE: Yeah, Deborah.

MS. WILLIAMS: I bet we'll get done with the report on Residual Oiling Conference at about, oh, 11:15, 11:20, give us a chance to take a ten-minute break.

CHAIRMAN RUE: Okay. Why don't we do that? All right.

MS. WILLIAMS: I think that's probably what we can aspire to.

CHAIRMAN RUE: Let's shoot for that. We'll shoot for that. All right. The Residual Oiling Conference. Who's going to present?

MS. McCAMMON: This will be given by Ernie Piper, with the Department of Environmental Conservation.

CHAIRMAN RUE: Okay. Great. Thank you.

MR. PIPER: And, Mr. Chairman, feel free to cut me off at any point. I will ask one thing. When I refer to some of these sites, there are maps in your packets, but for the benefit of the people that don't have the packets, if my friend, L. J., who's worked for me and with me for, lo, these many years on the spill, would serve to point out behind us where we're looking at, that would be helpful.

The issue of the residual oil in Prince William Sound, especially around Chenega, has been a big issue since 1991, even during the clean-up when it was entering its final full season. It was at that point when it was obvious that there was going to be some oil left on the beaches, and therefore, that issue has remained.

I think the principal reason is, of course, the proximity of the village of Chenega Bay. And if you put it in the context of what subsistence activities are and just what your neighborhood activities are, that's really been the source of it for the residents as they've expressed to me many, many times over the last five or six years.

If you think of subsistence as a multitude of activities as opposed to just an activity, you begin to realize

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1 that the area that we're talking about shrinks and expands  
2 depending upon the resource and the time of year that it's  
3 being used, and that it's not a specific species or a specific  
4 area that's of concern to the residents. It's the entire  
5 supermarket, so to speak.

6 And I use that supermarket metaphor because Larry  
7 Evanoff, a good friend from Chenega Bay, expressed it to the  
8 Residual Oiling Conference that way. He said, 'Look. If you  
9 went to your grocery store and there was dirt on the floor and  
10 things didn't look right in the meat case, even if somebody  
11 told you that everything was okay, you still wouldn't want to  
12 shop there. And I thought, good for Larry for coming up with  
13 that kind of metaphor that really drove it home to non-Native  
14 listeners, that it made a lot of sense.

15 Well, as the last surviving members of the state  
16 clean-up apparatus, Dianne Munson and I have been the  
17 custodians of this issue in terms of a regulatory environment  
18 for some time. And we've given technically correct answers  
19 about the oil, and we've given correct answers on the  
20 regulations related to the residual oil, and I think we've  
21 given correct answers about the environmental impacts or lack  
22 thereof of the oil. But they're not satisfactory answers, and  
23 that is why I think this issue has stayed with us for some  
24 time.

25 The Trustees have inherited, and I think you've been  
responsive to, the concerns raised by the residents by keeping  
the issue alive and then trying to address it through surveys  
and some other things. But, further, Bob Loeffler, the  
departed Mr. Loeffler, and Molly took the initiative to pull

together a workshop last fall that we hoped would identify the things that we could do something about, the things we could not do something about, and then some items for the Trustees to consider.

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As also part of that, I tacked on a second set of objectives concerning future monitoring of residual oiling. Since 1993, the Trustees have funded a small collection of projects that were somewhat connected. There was NOAA's mussel bed monitoring, the National Biological Service, the Alaska Peninsula project, and then shoreline surveys that DEC conducted in 1993 and then again in 1995.

I felt that we had reached the point that we should take a hard look at what we were monitoring and why, with an eye towards establishing a more coordinated program. And I also felt that the qualitative common-sense shoreline assessments so far commissioned by the Trustees for DEC should be professionally ground truth.

The reason is they work very well for response planning and for answering some basic questions, but I've long felt that the restoration effort is going to be judged, in many ways, by the quality of the science that's done. And I wanted to make sure that what you had funded was worth funding, and that if you were going to do it in the future, that you knew what you were getting yourselves into. The workshop and the report in your packet, I think, bring these issues into proper focus. And I'll summarize the points for those who don't have a packet.

As part of the panel of experts that we pulled together, we brought in Ed Owens, who's -- and Jackie Michel,

both of whom are the leaders in shoreline geomorphology and oil geomorphology, if not in the world, certainly in North America.

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Jackie is a partner in Resource Planning, Inc., which is the scientific advisor to NOAA haz-mat. Her partner and husband is Miles Hayes, who's kind of the dean of this discipline in the states.

Ed Owens worked for Exxon during the spill but has a long pedigree in spill research. And Jim Gibeaut, who studied with Miles Hayes and worked for me during the spill and then on these projects was our consultant and geologist.

What they came up with in looking at what we've done is that it's safe to say that qualitative methods that we've used are fine within their limits. We can tell where the oil is, we can tell what it's like, and we can make some reasonable estimates at its persistence.

From the conversations we had with them, what's important to keep in mind are that, first, the oil, at this point, probably won't change much over three- to five-year observation intervals, which tells you something about how frequently you want to do monitoring. Number two. It's hard to compare one individual site to another since each site is what Jackie Michel called a micro-habitat. It's a complex mix of geomorphological, chemical, and physical characteristics. And number three, that further monitoring, whether it's qualitative or quantitative, should have clearly established objectives.

And keeping that in mind, for example, at the ten-year anniversary in 1999, I can assure you that members of the public and the media will ask where oil remains, what it's

like, whether it's hurting anything, and how long it's going to be there. That's a common-sense short list of questions that I think our monitoring program should address. And given what the intervals are, 1998 would not be a bad time to do that.

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And again, there was some debate over whether quantitative or qualitative is better or worse and what we should be looking for. Just let me say that it doesn't matter to me whether the future monitoring is one Q or the other Q. My professional recommendation is to stick with whatever reasonably answers the basic questions at the lowest cost. You're really going to have to answer a broad number of questions, and you should look to that.

And, finally, as much as I love walking those shorelines, I really think that this is one program that should not be restricted or offered first to Trustee agencies. I think this is one that lends itself to going outside the agency process and looking to some of the people like Ed and Jackie who are doing that work, to design a study as well.

The bigger issue at the workshop was residual oil and Chenega and the village. The summary of the workshop report states the conclusions well, but I'll summarize that even further.

The most persistent significant oiling in the Sound is in the southwest area around Chenega and the villages down in Evans Island and Crab Bay.

Lower. There you go.

And primarily, the sites are at Latouche Island, at the north end, by CHE-10 there, at the north end of Evans, at CHE-09, right around there, at Point Helen, over here, and then

a few other sites scattered around in that area. Those are the areas of principal concern, and they're near the village.

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Second conclusion, removing some of the oil is certainly possible, and the environmental side effects of a clean-up would be limited and not significant in the big scheme of things, as long as the project had a very limited scope. One of the big concerns that we had at DEC was the more-harm-than-good issue.

If we're going to do some kind of additional clean-up, we don't want to remove that oil at the expense of shorelines that are recovering from the oil spill. And while during the first year or so after the spill, that was less of an issue because of existing disruption, it's much more of an issue now because the shorelines, in some places, have begun to reestablish themselves in terms of the mix that's on there.

But the conclusion, which included Allan Merns (ph) from NOAA, who's done a lot of the work on the shoreline disruption, was that if you're talking about a limited number of sites, yes, some of the plants and animals will die or be dislocated, but in the bigger scheme of things, it's not an issue environmentally. And I thought that was significant coming from Dr. Merns (ph).

The third issue, third conclusion, was that removing the oil would probably have minimal environmental benefit, and it would certainly not improve the abundance of the subsistence resources such as harbor seals. One of the hardest issues to get at over those years has been the sense that oil was somehow an invidious continuing environmental degrader and that if it were removed, species such as harbor seals would begin to come

back. And we went over that one pretty hard, and that was some tough discussions.

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Kathy Frost, from Fish and Game, who's done a lot of the harbor seal research over the years, made some very good points. That the harbor seal population has been in decline for some time; the decline has continued after the spill. There was mortality during the spill to harbor seals, but removing tar and asphalt from shorelines in Prince William Sound will not have an effect on that population.

As I said, that was kind of a tough thing to get at, and that's where Larry Evanoff (ph) came up with his supermarket metaphor. And that helped, I think, to move us off that point and move us back now onto the issue of why people really want it gone.

Molly referred in her report to the continuing insistence from villages that, somehow, restoration was not addressing so-called cultural or spiritual aspects of subsistence. And I think we could put this issue somewhat in that box, that people need to feel confident about the area in which they're collecting resources. And they do not feel that confidence in the village of Chenega Bay. And that's something; whether it's a scientific or environmental issue is really irrelevant. It's important to the people who use it. And I think that is part of what Molly heard.

The fourth conclusion is Chenega residents and DEC worked out several options for some kind of a clean-up program and targeted some sites, roughly seven to a dozen. And the cost estimate for conducting the work there would be \$2 to 3 million. I don't know how you'd exactly quantify what your

1 results would be, although clearly, given the existing methods<sup>41</sup>  
2 that we have in the toolbox, you could remove a significant  
3 amount of oil from most of those sites, including subsurface  
4 oil.

5 The fifth conclusion would be restoration objectives  
6 of such a program would be to improve the appearance of public  
7 tidelands and the value of public tidelands -- since the oiling  
8 is now very persistent and stable, it's unlikely to change much  
9 over time -- and to improve public confidence in subsistence  
10 and other uses of those shorelines.

11 And so the bottom line here is that a limited clean-  
12 up is technically possible, it's not a significant threat to  
13 the overall environmental health of the area, and that it would  
14 have a link to restoration. However, keep in mind the  
15 environmental benefits are probably limited, and the cost of  
16 such a program would have to weighed against other work plan  
17 priorities.

18 CHAIRMAN RUE: Okay. Great. That's very good,  
19 Ernie. You even stayed within your time. That was helpful.  
20 Does anyone have questions of Ernie?

21 MS. WILLIAMS: Mr. Chairman?

22 CHAIRMAN RUE: Yeah, Deborah.

23 MS. WILLIAMS: In reviewing the -- very good  
24 reporting. Thank you, Ernie. A very good summary of the  
25 report. There were the options. And you really -- I would  
like just a little more explanation about the options, zero  
through four, that you've set out.

MR. PIPER: Okay. Option zero, would be to do  
nothing, which is pretty standard, you know, from EIS language

and so on, and it wouldn't cost anything. I think that the --42  
again, the environmental risk of doing nothing is really very  
limited. We have primarily tar and asphalt, very stable, very  
weathered oil, and it's not an environmental threat.

Option one, and I don't have it right in front of me, but  
I believe it was \$1.9 million would be some high-priority  
sites, and those included particularly ones at the north tip of  
Evans Island. In the old spill nomenclature, it was EV-37,  
EV-39. A little bit around the corner, but generally, you're  
right. And then a cluster of sites in Sleepy Bay, which really  
got hammered during the spill and really got intense clean-up,  
but they reached their limit of existing techniques because of  
the topography and so forth.

MS. WILLIAMS: And Ernie, some of us had the  
opportunity to go to some of the beaches last summer?

MR. PIPER: Mm hmm (affirmative).

MS. WILLIAMS: What is the correlation between the  
beaches we visited and the beaches that would be affected by  
option one?

MR. PIPER: You saw the high-priority sites?

MS. WILLIAMS: We saw the high-priority sites, yeah.

CHAIRMAN RUE: Okay. Good. Any other questions?

(No audible response)

CHAIRMAN RUE: No? Thank you. Steve?

MR. PENNOYER: Yeah, just one other question, Ernie,  
and you said it and I think I missed it. But when does all  
this come on our plate in terms of work plans and fundamental  
competition for funds?

MR. PIPER: For monitoring, I would suggest that

next -- not in the work plan that you consider in the fall, but<sup>43</sup>  
for the summer of 1998.

MR. PENNOYER: Okay.

1  
2 MR. PIPER: I think there will be a monitoring  
3 project on the table. We don't know exactly what that will be,  
4 but, you know, I made some recommendations about that. In  
5 terms of clean-up, what we've tried to do is -- should a  
6 proposal get before you, what we've tried to do is make sure  
7 the principal questions, cost, benefits, and options, are dealt  
8 with there so that you can put -- if one comes to you, you can  
9 put it into context.

10 CHAIRMAN RUE: Great.

11 MS. WILLIAMS: Mr. Chairman, I have some more  
12 questions.

13 CHAIRMAN RUE: Yeah, Deborah.

14 MS. WILLIAMS: Ernie, what is your sense, if we,  
15 somewhere along the line, funded option number one, what is  
16 your sense as to how the people if Chenega will feel? Will  
17 they feel as if that was adequate, as if the supermarket were  
18 adequately cleaned up, or would there still be a sense of  
19 inadequacy under option one?

20 MR. PIPER: I can't -- I don't want to speak for  
21 Chenega about that. I mean, I'm not trying to cop out, but I  
22 think that, you know, different people have a different point  
23 of view about it, and I don't know that we'd address all the  
24 issues.

25 CHAIRMAN RUE: Perhaps during the public comment,  
someone from Chenega will be here.

MS. WILLIAMS: Yes. And I invite public comment on

that.

CHAIRMAN RUE: Yeah, great. Any other questions?  
Yes, Steve.

1 MR. PENNOYER: Just a last follow-up. The if  
2 question comes up. Then is that tentatively part of this work  
3 plan we're looking at?

4 CHAIRMAN RUE: Could this summer.....

5 MR. PENNOYER: It might -- is it in this mix of  
6 proposals we've got in front of us? I didn't see it.

7 MS. McCAMMON: Not currently, no.

8 MR. PENNOYER: Okay.

9 CHAIRMAN RUE: There was nothing in this.....

10 MS. McCAMMON: It would be.....

11 CHAIRMAN RUE: Okay. Great. Any other questions of  
12 Ernie?

13 (No audible response)

14 CHAIRMAN RUE: No. Thank you, Ernie. That was  
15 great, very helpful. All right. The next item on our agenda  
16 is the Sound Waste Management Plan.

17 MS. McCAMMON: Mr. Chairman. If you'll recall, the  
18 Council funded a project more than two years ago to develop a  
19 waste management plan for Prince William Sound. And this  
20 really has been rather an unprecedented effort at getting the  
21 communities within the Sound to really sit down together and  
22 work out various proposals for dealing with waste in those  
23 communities. And we have a presentation today on the results  
24 of that plan. There is a copy of the final report in your  
25 packet. And.....

MR. WILCOX: Okay. Chairman. Council Members. My

name's Bill Wilcox. I'm the Director of Public Works in Valdez. This is George Keeney, the Director of Public Works in Cordova. It's interesting. George and I have become good friends through this process, and in the past, Cordova and Valdez were competitors in everything, and here we are at the table together, actually having learned from each other and having -- well, let me just leave it at that -- having learned from each other.

(Laughter)

MR. KEENEY: Don't get too deep.

MR. WILCOX: Okay. The Sound Waste Management Plan is a cooperative effort. It was originally pushed by DEC. We all had problems the DEC wanted us to address. Some communities had solutions to some of the problems; some communities only had problems. When you funded the Sound Waste Management Plan, we all got together, looked at a large number of issues, and kind of boiled it down to five, which were the landfills, waste oil, household hazardous waste, what -- recycling. I missed one, George.

MR. KEENEY: Used oil, recycling, solid waste.

MR. WILCOX: Household hazardous waste. Anyway. And what we wanted to put together was an action plan, and really we have accomplished that in that many of the problems we had initially, we have worked toward solutions or solved.

When we started the plan, what we did was went through, did an inventory of all the problems, then prioritized the problems, looked at which one were solvable, which ones weren't solvable, prioritized them, went in, looked at the costs and solutions. And then, look, can we solve these

problems as a community of Prince William Sound, or are we better off going on our own as individuals?

1 The recommendations that came out of the plan was the  
2 used oil management system, household hazardous waste,  
3 recycling program, the EnVironmental Operations Stations, and a  
4 community involvement in solid waste problems.

5 From a Valdez perspective, one of the things we did  
6 in the SWAMP was we traveled to each community. I remember one  
7 of the first times I went over to Cordova. George -- we had  
8 our meeting and we were driving around, and George had some  
9 real interesting solutions to his construction waste problems.

10 And I went by, and Dan Long was actually in the truck with us,  
11 and I looked at it and said, 'You can't do that. He won't let  
12 you.' And what they were doing was taking all their  
13 construction debris, letting people pick through it, gathering  
14 all the wood in one place, and then burning it.

15 And I was sitting there -- you know, we've been  
16 burying this stuff for years. And after that meeting, we went  
17 back to Valdez and changed the way we run our construction  
18 waste pit, and it's actually reduced the volume going in there  
19 by about 90 percent. It was really a successful thing. And it  
20 was simply because George and I got together in a pick-up truck  
21 and we were driving around.

22 And I know this morning we were talking about common  
23 problems, you know, clean-up day next week. You know, geez,  
24 you have the exact same problems I do. It's just a different  
25 name. And I know I have learned a lot, and I think, actually,  
the communities have really benefited.

One of -- when we started the Sound Waste Management

Plan, Valdez really didn't have a good recycling program. Went over to Cordova, looked at theirs and said, 'We can do that. It won't cost us that much.' And have actually modeled ours after theirs. One of the things that has come out of that is what's now being called "the dumpster deal." Cordova has some dumpsters that are surplus to their needs and have offered them to Valdez, gratis. All we have to do is find a way to get them from Cordova to Valdez.

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And the cooperation -- and not only between Cordova and Valdez. I guess I'm talking about that because we're sitting here. But also it was very interesting going into Whittier. And Whittier always came to the table, 'Man, we have tremendous scrap metal problems.' And I said, 'Yeah, yeah, yeah. You know, yeah, I believe you have scrap metal problems.' Went over there and said, 'Boy, you guys really have some scrap metal problems.' And one of the things we gave them is, early in this process, George and I got together, approached I.S.T.E.A. and got I.S.T.E.A. funding to solve our junk car and scrap waste problems or scrap metal problem. And that has really worked well.

Other things that have happened in Valdez because of SWAMP, we got a permit for our landfill. Hey! I mean, that was a monumental task, and I don't think, without SWAMP, it would have happened. We've reduced the volume going into the construction waste pit. We're now recycling cardboard, copper, aluminum, batteries, wood. We've definitely improved our waste oil handling, our method of handling solid waste.

Another -- I'm going to digress just again for a second. One other thing where we got together. Cordova

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couldn't get rid of their car batteries. We had a method for getting rid of them for free. They ended up putting a couple totes on a fishing vessel, ended up in Valdez, and we handled it from there. And I think these are batteries that, had we not done that, they'd have gone over the side of a boat, and as it turned out, George got rid of them. And we actually packed them with ours, and off they went.

And through the cooperation, we've had just tremendous successes. One of the things that has happened very recently is Alyeska has agreed to transport the household hazardous waste, which we're going to collect this fall for all the communities in the Sound, into either Valdez or Whittier and has donated \$3,000 toward the handling of that waste.

Before I turn it over to George, I guess I'd like to thank a few people. One, I would like to thank EVOS for funding the SWAMP. It has been a great success; we have changed the way we do business because of it. And I don't believe we would have changed anywhere near that much had we not had it. I'd also like to recognize ADEC. This fall we're going to have the household hazardous waste pick-up, and they are donating time to train our people and the waste mobile to help advertise the hazard waste clean-up. We're also getting free transportation from the Marine Highway System and from Alaska Railroad for the people and the waste mobile.

Two more issues and then you can go, George.

MR. KEENEY: Thank you.

MR. WILCOX: I'm probably talking too long, but that's all right.

The EnVironmental Operations Station, which we have a

proposal before you, is a piece of the entire program. We're asking EVOS to fund a portion of it. The cities are funding a portion and the ongoing operation of it.

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The last item I'd like to address is, we're looking at chronic problems, where there's a little pollution all the time rather than the catastrophic, and we're actually, really, addressing the chronic problems.

And with that, I'll let you go, George.

MR. KEENEY: Bill knows it all. Start talking and keep going, so you'll have to almost shut me off. I'm a planner and Public Works Director in Cordova, and as Bill put it, this program that you've funded has created all kinds of good in the community of Prince William Sound, not just the main communities, but the villages themselves. Chuck Totemoff over there, he was very active. DEC's been very active in this whole process. Without their guidance, we haven't been able to produce quite a bit of what we've done.

It is a working document, this thing that we have here is the meats of it. What we've done here is we've created a document that each community can use. It doesn't sit on a shelf; it doesn't get dirty. We use it almost every week. So it's a good document.

Same thing with the small one we have, the Executive Summary. It more or less lists out what we have done in this whole process. To get five communities and state agencies together and actually work together to solve problems has been fantastic. Like Bill says, it's been neat to go to different communities and look at their problems and actually see them and see if we can't solve them. It's an ongoing process

though.

1 Our recycling alone in Cordova has increased. We  
2 showed that it was like 5 percent of our aluminum we were  
3 recycling. Now I've got the PTA out there. They baled up  
4 seven bales in two weeks of aluminum, you know, and that's  
5 going to the kids; it's not going to us, but to the kids. The  
6 churches go out and collect aluminum. We've got cardboard  
7 we're collecting; we sent out eight vans this last winter down  
8 to Seattle to recycle. The recycling has increased just  
9 because of this plan, just because we bring it to their  
10 attention. The things that we have changed in the whole  
11 process have really helped each community throughout Prince  
12 William Sound.

13 I could keep going on and on and on. The used oil  
14 issue. You know, back in '83, Cordova had a great thing. They  
15 put 12,000 gallons of used oil on their roads. Now,  
16 environmentally, I go, 'Oh my goodness'. You know, we don't do  
17 that anymore. We actually recycle the oil. We have a good set  
18 now to where we're trying to recycle as much as we can. But we  
19 get more and more each day, though, because we're educating the  
20 public.

21 We're actually recycling it, putting it into the  
22 buildings, into the Public Works and so forth, to heat it up,  
23 to use it in the facilities themselves. It's the education and  
24 the work that we've created through here that's helped us to  
25 push that forward. It shows reduction in the cost of operation  
for the community itself.

The community itself seems to be 100 percent behind  
this program. We have the household hazardous waste committee

group. We've established resolutions from each community to join together with both Southeast and Prince William Sound to have the house mobile come through there and pick up these household hazardous wastes, and what to do with them correctly.

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Like Bill says, with the battery issue, yes, we would probably see them quite a bit all over town. But right now, we're starting to see them going to the baler site or going to NAPA for disposal correctly. We don't see this anymore where you're destroying the environment, throwing them out off the boats or off the docks. Some people still don't believe me, but it's getting better. Truthfully.

The recycling loan. I bet you we have increased probably 200 percent our recycling process since we started this program and since the information was brought to the public's education. Education is a big thing. The EVOS stations -- which we do call it the EVOS station. It's a neat acronym for it. But the Environmental Operation Station does bring into consideration just a part of what we've come up with, which recycling is one of them. Household hazardous waste and the big thing, used oil. The used oil in each community -- and it's not just Prince William Sound-wide. This is actually a worldwide issue, and it has helped it tremendously.

The EVOS station, you thought the \$37 million was nice this year. From this program alone, I've already had communities calling us in the Public Works Association that we're starting up. We've had more and more involvement asking us how we did this and how they can actually get an EVOS station more or less set up. I think it'd be neat if you guys

could patent the EVOS stations, if you did build them, and sell<sup>1</sup><sub>52</sub>  
them to everybody because it is a worldwide issue.

1 We have found that, through both the Management  
2 Association and the Public Works Association, that these issues  
3 are not just Prince William Sound-wide; it's worldwide. You  
4 heard it today with the oil being on the beach and stuff.  
5 Well, this is the same issue. We see it all over the south.

6 I do want to thank the EVOS Trustee Council because I  
7 think this money that you have spent on this portion of it has  
8 just been tremendous. It has really helped the communities of  
9 Prince William Sound. And we have other communities actually  
10 looking at this same material to see if they can incorporate it  
11 into their recycling or their problems in the environment. So  
12 I just really want to appreciate the help that you guys have  
13 put toward this.

14 At this time, we'll answer any questions we can.  
15 We're trying to cut it as short as we can.

16 CHAIRMAN RUE: I appreciate it. Thank you very much.  
17 It's really nice to hear such a positive, enthusiastic result  
18 of something we've done. You don't always hear good news, but  
19 it's really nice to hear some good news. So are there Trustee  
20 Members -- Deborah, yeah.

21 MS. WILLIAMS: I don't know whether our guests or  
22 Molly can answer this. What is the status of the funding  
23 request to the Council on the used oil facility and the  
24 operation of waste management system facilities?

25 MS. McCAMMON: The proposal has been submitted as  
part of the FY '97 solicitation process, so it's under review  
right now.

MS. WILLIAMS: And those are the two funding requests, then, that arise from this?

1 MR. KEENEY: We actually have the one from -- yes,  
2 from the SWAMP committee itself, which is the EVOS station, and  
3 then a continuation of what we're doing. Cordova, of course,  
4 has presented another one coming out of this program, out of  
5 this book itself, which is actually to help provide for our  
6 landfill site, permitting and so forth.

7 I know DEC, we have had a great time working with  
8 them because we actually have a landfill site that's in a tide  
9 flat. And that's kind of an unusual situation, and it's  
10 actually a permitted one, and it's been fun trying to close  
11 that down, and I've been in the process of that for, here,  
12 about two years now. So we're hoping to move our landfill  
13 site, and that is one of the proposals brought out of this  
14 plan, is to move that site and close her up.

15 MS. WILLIAMS: We did go visit the site at the  
16 meeting in Cordova last December.

17 MR. KEENEY: Actually, this next year, hopefully,  
18 you'll see one baseball field in one-half of that landfill site  
19 if I can close approximately half of it. So that would be  
20 nice.

21 CHAIRMAN RUE: That's great. Other questions from  
22 Trustee Council Members?

23 (No audible response)

24 CHAIRMAN RUE: No? Well thank you both very much.

25 MR. KEENEY: Thank you.

MR. WILCOX: Thank you. We do appreciate it.

CHAIRMAN RUE: I really appreciate it. Yeah. All

right. Well, we have about two minutes before we're supposed to have public testimony. Would you like to take a quick five-minute.....

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MS. WILLIAMS: Yes.

CHAIRMAN RUE: Let's take a five-minute break. We'll try to get back here at 11:35 a.m. and begin the public comment period. Thank you.

(Off record at 11:30 a.m.)

(Tape Change - Tape No. 2 of 3)

(On record at 11:37 a.m.)

CHAIRMAN RUE: .....Michele and Craig, but everyone else is back. Molly, as I understand it, we have Anchorage on line, Seward, and Chenega Bay, and, I guess, Port Lions. Is Dr. Spies still on?

MS. McCAMMON: No, he's not. We can get him on line if need be.

CHAIRMAN RUE: I don't know if we need to. This is the public comment period at this point.

MS. McCAMMON: Right.

CHAIRMAN RUE: So we have Seward, Chenega Bay, and Anchorage on line; is that correct?

MS. EVANS: And I understand you have people that want to testify, as far as I know, just checking with the LIOs, in Port Lions, Homer, and Anchorage.

CHAIRMAN RUE: Oh, Homer's on the line as well. Okay. And Port Lions is on line? Is there.....

MS. EVANS: There was no one there who said they wished to when the LIO operator went around the line, but I always ask.

CHAIRMAN RUE: Okay. Why don't we then start outside of Juneau? I assume we have members of the public here in Juneau who may wish to testify. So we've got Anchorage, Juneau, Port Lions, Seward, Chenega, and Homer. Why don't we start with Homer, and then we'll go to Chenega? And then we'll go to Seward and then Port Lions and then Anchorage and then Juneau. All right? Does that sound like a plan?

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MS. VLASOFF: Excuse me, this is Martha Vlasoff in Anchorage. And we have a man, here, Robert Henrichs, that needs to catch a plane to go to Togiak, and I was wondering if he could testify first.

CHAIRMAN RUE: All right. I don't have a problem with that. Why don't -- Robert, why don't you go ahead? And if you could, keep your comments to three minutes or so, five minutes. Thank you. Go ahead.

PUBLIC TESTIMONY OF MR. ROBERT HENRICHS

Yeah, my name is Robert Henrichs. I'm from Eyak, Cordova, Alaska. I'm here today as an Aleut from Prince William Sound. My mother was born in Nuchek Island. My family's history goes back 10,000 years at Prince William Sound.

It's painful for me to see EVOS make deals for Native-owned land in Prince William Sound. For the state and federal government to make a settlement with Exxon and then turn around and start dealing with Native corporations on their land, who are still in court against Exxon, is not only immoral, it is obscene. I don't think any Native land should be purchased. I think they should remain a Native land permanently, and if anything, more land should be returned to

1 I have doubts as to the Department of Interior's role  
2 in the Trustee Council on voting on Native land purchases.  
3 They represent National Park Service, but they also represent  
4 the Borough of Indian Affairs, which has a trust responsibility  
5 to Natives. I don't think they could ethically vote on any  
6 Native purchases, and it's probably illegal.

7 And I don't want to see any Native land sold, period.

8 I want to see more of it returned. I would like to see the  
9 EVOS money spent to restore the damage in Prince William Sound.

10 That's all I have to say. Thank you.

11 CHAIRMAN RUE: Thank you, Mr. Henrichs, was it?  
12 Could you spell your last name? We'd like, actually, each  
13 person who testifies to do that so we can keep a good record.

14 MR. HENRICHS: H-e-n-r-i-c-h-s.

15 CHAIRMAN RUE: Great. Thank you very much. I'd now  
16 like to go to Homer. Is there anyone in Homer who -- actually,  
17 before we do that, does any Trustee Council Member have  
18 questions of Mr. Henrichs?

19 (No audible response)

20 CHAIRMAN RUE: No. Okay. Thank you very much. I'd  
21 like to now go to Homer. Is there anyone in Homer who'd like  
22 to testify? It's not really testify.

23 PUBLIC TESTIMONY OF MR. BOYD SCHADE

24 Boyd Schade, S-c-h-a-d-e. I notice that the Trustee  
25 Members are from positions that have responsibility on the  
situation I am about to talk on. I hope they receive my  
comment in regard to their jobs and this Council.

I and my family have had a long-term lease on

property at Jakolof Bay since 1973. This property is located where the state dock and the Seldovia Road meet. The problem is our property is between the dock and the road to Seldovia and Rocky River. The State of Alaska has a 20- to 40-foot easement across our land that allows use of all our beach land for local people and visitors.

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The Attorney General's Office tried to steal the land from us during the past two years. John Steiner, of the AG's Office, notified people they could use it, and I am told Exxon Valdez money repaired the dock, built signs, and put up a night light on our property. NOAA boats permanently tie up on Jakolof dock. NOAA personnel from the Kasitsna Bay Research Station continually trespass on the property with family and friends.

I contacted NOAA's office in Anchorage and was referred to Claudia Erich (ph) in Seattle. I called her and I'm waiting for her response as of this date. I talked with Roger Campbell, the Park Ranger in Homer, about our Jakolof property, and he tells me that they don't want anything to do with Jakolof but are going build 30 miles of new trails with settlement money throughout Kachemak Bay State Park.

I cannot understand how the Council would authorize money for trails for visitors and outsiders and leave the local Alaskans stranded. When the state park ferry is out of service in the winter, the local people use the Jakolof dock and our property to come and go for supplies, et cetera, to Homer. When the ferry is running, visitors come to Jakolof, park their vehicles, and play in the area.

This property is designated private recreational, yet

1 with the oyster farms in the area, the people are using it  
2 commercially against its original purpose. The dock is a  
3 perfect place for small fishing boats to shelter from the  
4 storms. In fact, some fishing vessels tie up at the dock and  
5 make ready for commercial fishing. The land is owned by Mental  
6 Health, and I have been talking with Dave Thomas about our  
7 problem. He states they are willing to help get it  
8 straightened out. This will takes some time, with many local  
9 people unhappy, but I believe it can be done.

10 This Council could consider one of two things: Buy  
11 the lease and the land so people can use it without abusing  
12 private leaseholders and Mental Health, or notify people how it  
13 actually is and help us keep people off our land that are not  
14 supposed to be there. I thank you for your consideration.

15 CHAIRMAN RUE: Okay. Thank you Mr. Schade. Any  
16 questions from Council Members?

17 (No audible response)

18 CHAIRMAN RUE: Okay. There are none. Thank you very  
19 much. I'd now like to go to Chenega Bay. Is there anyone from  
20 Chenega who would like to testify before the Council today?

21 MODERATOR: In Chenega Bay, we have no one here to  
22 testify.

23 CHAIRMAN RUE: Okay. Thank you very much. Seward.  
24 Is there anyone in Seward who would like to testify today?

25 MODERATOR: We just have observers here in Seward  
today.

CHAIRMAN RUE: Okay. Great. Thank you. Port Lions.  
Is there anyone in Port Lions who would like to address the  
Council?

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Yes, my name is Denise May. And I'd like to, first of all, thank you for the beautiful Cultural Center that was put in in Kodiak. I think it's the first step towards recognizing us as a people, being part of the environment. I think it also is something that Kodiak Island people, Native people, would like to see within other communities on their island for gathering places for their people.

I think sometimes that has been left out as an issue, that people on this island are part of its environment and need to be recovered also. We do not have a gathering place. We had started one prior to oil spill, but everybody went to work on oil spill and it got left, and there were many problems with trying to get it back together once we were -- once we had started recovering.

I'm not sure, I'm a little naive. I'm appreciating listening in on your meeting. It's been interesting for me to hear, not being that involved. And I'm wondering if health issues that the people have been discussing, studies have been done on health issues and how it's affected the people health-wise. And I think that can be easily done through the Indian Health Service. We're concerned about sick people. I was, unfortunately, unable to attend the meetings that they had within Port Lions because I was out of town.

And that's all I have to say, and I thank you, like I said, once again, for our Culture Center. It's been well used and appreciated by the whole island. And I just would like you to remember that the people of this island are part of the environment and we're affected also. Thank you.

CHAIRMAN RUE: Okay. Thank you, Denise. Could you spell your last name for us, please?

MS. MAY: M-a-y.

CHAIRMAN RUE: Okay, thank you. Any Council Members have questions of Denise?

(No audible response)

CHAIRMAN RUE: No. Okay. Thank you very much. Is there anyone else in Anchorage who would like to testify before we come here to Juneau?

MODERATOR: Yes, we have one more person.

CHAIRMAN RUE: Okay. Why don't you go ahead? Please give us your name and spell your last name, be great.

MS. BROWN-SCHWALENBERG: Hi. This is Patty Brown-Schwalenberg with the Chugach Regional Resources Commission. And my name is spelled B-r-o-w-n dash S-c-h-w-a-l-e-n-b-e-r-g. And I guess I just took up one minute of my time right there.

(Laughter)

CHAIRMAN RUE: Thank you very much. We appreciate you. Go ahead, please. Thank you.

PUBLIC TESTIMONY OF MS. PATTY BROWN-SCHWALENBERG

Thanks for allowing me to testify today. I just have a couple things that I wanted to update the Council on. As you remember, the Port Graham Village Council has proposed a pink salmon enhancement project last funding cycle which got funded, and we've spent the greater portion of the year trying to figure out a way to get them the funding.

Well, the Kenai Peninsula Borough Economic Development District has come forward and they have agreed to run the contract through them via Fish and Game. The

1 cooperative agreement has been signed. So I think we have  
2 finally developed a mechanism that is going to work so that the  
3 communities can actually get the funds to them so that they can  
4 be the one operating the project.

5 We've been able to do this with very limited funds to  
6 the Kenai Peninsula Borough, but I think if this is going to  
7 continue, they're probably going to be requesting a little bit  
8 of the admin money for this service. Right now, they've only  
9 charged them a thousand dollars to do it. So heads up on that  
10 one, I guess.

11 The clam project is -- the clam enhancement project  
12 is going real well. People are going to be going out in June  
13 to survey additional beaches that you had approved in FY '96,  
14 and we're going to be finding clams. This is the first year  
15 that we're going to be finding the clams, and that's in Port  
16 Graham and Nanwalek. And then we're going to do some predator  
17 control in Tatitlek and Eyak. So everyone is looking forward  
18 to see how that project is going to continue on.

19 And last month, we had a meeting with a lot of the  
20 villages to discuss protocols on the traditional ecological  
21 knowledge as part of the community involvement project. And  
22 the meeting went real well, but I think that we need to do some  
23 planning. We brought the PIs in on the second day, and it  
24 seemed evident that they aren't contacting the communities  
25 before the proposals are written.

And so I think we need to do a little more work in  
that regard so that they're involving the local villages if a  
project has anything with that in their traditional use area,  
so that they're written into the proposal and into the budget,

1 if need be, in advance. There were some questions saying,  
2 well, if they include the community, they're not going to be  
3 able to be included until FY '98 or something like that. But I  
4 think that should be ongoing right now, and so we're  
5 concentrating in that area.

6 And the last thing I wanted to bring up was the  
7 restoration reserve. That's been kind of -- the concept has  
8 been floating around as to what is going to be done with the  
9 funding. And I see in the FY '97 work plan that there's a  
10 proposal for an endowment of an engineering research center by  
11 UAA. So I'm sure there's a lot of good ideas out there and  
12 people are starting to look at long-term funding.

13 And what I would request of the Trustee Council is  
14 that you please consider putting together some kind of a  
15 planning group to come up with a plan for the funding, but  
16 especially, or more importantly, to include the village  
17 councils in on that planning process.

18 And that's all I have to say today, so thank you for  
19 the time.

20 CHAIRMAN RUE: Okay. Thank you, Patty. Do Trustee  
21 Council Members have any questions, comments?

22 (No audible response)

23 CHAIRMAN RUE: No. I think you did bring up some  
24 very good points. I think, certainly, I just asked Molly about  
25 the idea of project leaders working with the villages, and I  
think that's something we have been asking them to do, make  
sure we contact people in the communities as we develop  
projects. So I think that's a very good suggestion, and I  
think we're following up on that one.

All right. Why don't we try Juneau? Do we have -- think we have two people here in Juneau who have signed up. Carroll Kompkoff? Would Carroll.....

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MR. KOMPKOFF: I'm sorry. I forgot who I was.

CHAIRMAN RUE: Oh. So do we sometimes.

PUBLIC TESTIMONY OF MR. CARROLL KOMPKOFF

Good morning, ladies and gentlemen, Members of the Trustee Council. My name is Carroll Kompkoff. I'm the President of Tatitlek Corporation, and I thank you for the opportunity to speak with you today on the fish and wildlife habitat restoration effort on our corporation lands.

I would like to read a portion of a recent letter to you on this restoration project for the record of the proceedings. My letter you will find in the briefing book before you:

"In general, we believe that the restoration project has great potential to stimulate outdoor recreational tourism as well as other economic investment and activity in Prince William Sound, including private development and service sector opportunities. From the inception of this joint habitat conservation effort, the Tatitlek Corporation has viewed it as being of great mutual benefit for both the public and the corporation. In particular, it appeared to us that it could help to expand economic opportunities for Native and non-Native alike.

"Residents of the village of Tatitlek and

1 the shareholders of the corporation have  
2 historically looked to the sea for subsistence  
3 and for their livelihoods. Increasingly, since  
4 the oil spill, they have begun to look for  
5 additional ways to support their families. One  
6 of those that appears will likely play an  
7 important role for the people in the region in  
8 the future is outdoor recreation and tourism.

9 "Under private ownership, all of these  
10 lands in the habitat restoration package today  
11 are closed to public access. If an agreement is  
12 reached with the Council, thousands of acres  
13 currently closed to such access would be open to  
14 outdoor recreational use, including sport  
15 hunting, sport fishing, camping, hiking,  
16 kayaking, boating, and similar outdoor  
17 recreational activities for the general public  
18 support by amenities we hope to provide for  
19 contract with others.

20 "As a commercial fisherman for 56 years in  
21 Prince William Sound, and the President of a  
22 Native corporation in Prince William Sound, I  
23 can foresee no better economic stimulus to our  
24 region than what this fish and wildlife habitat  
25 restoration project could bring. It would  
represent good stewardship and conservation of  
the land and its fish and wildlife habitat and  
other resources while helping to create and  
expand job opportunities. It is also one of the

1 best actions that I know of that the Council  
2 could take to protect the long-term viability of  
3 the fishing industry on which so many within the  
4 Sound, including myself, are dependant.

5 "I hope this letter clarifies for you the  
6 general visions and goals of the Tatitlek  
7 Corporation regarding this stimulus that the  
8 fish and wildlife restoration and acquisition  
9 project can be to the economy of Prince William  
10 Sound."

11 Also, I would like to read a letter from Gary  
12 Kompkoff, Chief of the Village of Tatitlek. Gary is also my  
13 son. We have provided to the Council a letter making our offer  
14 on the separate land packages, any of which you may want to  
15 consider accepting. Our Council will explain each offer, in  
16 detail, later this afternoon. Thank you for your consideration  
17 of one of the offers and for your work with us over the past  
18 year and a half. This concludes my remarks, and I would like  
19 to read a letter from Gary. It starts.....

20 CHAIRMAN RUE: Okay. Thank you.

21 PUBLIC TESTIMONY OF MR. GARY KOMPKOFF BY MR. CARROLL KOMPKOFF

22 "Good morning. I appreciate the  
23 opportunity to provide to you this testimony  
24 today. I hope that you will accept my sincere  
25 apologies for not being there to speak to you in  
26 person, but prior commitments in Anchorage and  
27 Tatitlek have necessitated my presence there.

28 "The issue that will be addressed today at  
29 this meeting is of vital importance to the

1 Native Village of Tatitlek. The local governing  
2 body of the village, the Tatitlek Village IRA  
3 Council, recognizes and appreciates the hard  
4 work and insight that all the people involved  
5 here have provided. The Tatitlek Council and  
6 corporation officers have communicated very  
7 openly during this entire process.

8 "While the responsibilities that we have to  
9 our people may differ in some aspects, I believe  
10 that we all have the same values. This is shown  
11 very clearly by the willingness to work closely  
12 with us and providing for the protection of the  
13 environment and resources that are so vital to a  
14 healthier subsistence lifestyle. Many of the  
15 most important subsistence harvest areas that we  
16 utilize are located on or adjacent to village  
17 corporation lands.

18 "We strongly urge your support for  
19 conservation of these lands and waters as part  
20 of your restoration effort of subsistence as an  
21 injured resource. The Tatitlek Village IRA  
22 Council has recognized the need for an economic  
23 stimulus to our region in the wake of the oil  
24 spill. We recognize that the commercial  
25 opportunities are uncertain, to say the least.

"Because of this, we have worked hard to  
establish a base infrastructure within our  
village that will be necessary to provide for  
economic development opportunities for people in

1 the future. Many of the economic development  
2 opportunities that exist in our area are closely  
3 related to the natural resources and will only  
4 be successful if the long-term protection of  
5 those resources is provided.

6 "We believe that we are only keepers of our  
7 environment and resources for future generations  
8 and the development opportunities. We will  
9 consider only those that are environmentally  
10 safe. Our village has worked very hard to  
11 restore and, when feasible, replace other  
12 resources that were damaged by the Exxon Valdez  
13 oil spill.

14 "Among the areas that are of vital  
15 importance to our efforts is the Bidarka  
16 Point/Boulder Bay area. Aside from being a very  
17 important subsistence harvest area, we have  
18 three very successful restoration projects  
19 located there. The coho salmon release project,  
20 mariculture farm, and clam restoration project  
21 will be seriously jeopardized if habitat  
22 protection for this area is not provided and  
23 proposed timber harvests are allowed to  
24 progress.

25 "Sincerely, Gary Kompkoff."

CHAIRMAN RUE: Okay. Thank you very much, Carroll.  
I know I certainly appreciate the tremendous efforts that the  
community has put forward in the last year too, however long  
it's been, to try and come up with an agreement, a way to

So I certainly would like to thank you and all the work that the community has done.

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Are there other members of the Council who would like to -- yeah, Phil.

MR. JANIK: I'd also like to express my gratitude for the patience that you and your people have shown through all of these discussions and some of the requirements that we have had to go through leading us up to negotiations. I trust we'll bring this to a deal.

MR. KOMPKOFF: And I thank each and every one of you very much on behalf of the Tatitlek Corporation.

CHAIRMAN RUE: Thank you very much.

MR. KOMPKOFF: Thanks for allowing me to speak.

CHAIRMAN RUE: Thank you. Do we have -- why don't I go back through the remote sites, and then we'll come back to Juneau? I know Chuck Totemoff is here from Chenega, so we'll get to him next in Juneau. But why don't we take a quick run through the remote sites on the conference? Is there anyone in Homer who would like to speak to the Council?

MODERATOR: No. Just our observers.

CHAIRMAN RUE: Okay. Again, Chenega? Still no one who would like to address the Council?

MODERATOR: No one at this time, thank you.

CHAIRMAN RUE: Okay. And Seward?

MODERATOR: No one at this time, thanks.

CHAIRMAN RUE: Okay. Port Lions?

(No audible response)

CHAIRMAN RUE: Okay. Assuming there's no one in Port

Lions, anyone else in Anchorage?

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MODERATOR: No one else in Anchorage.

CHAIRMAN RUE: Okay. Great. Then we do have Chuck Totemoff of Chenega Corporation who would like -- here in Juneau.

(Pause)

CHAIRMAN RUE: Great. Hi, Chuck. Thank you.

PUBLIC TESTIMONY OF MR. CHUCK TOTEMOFF

Thank you. Good morning. My name is Chuck Totemoff. I'm the President and CEO of Chenega Corporation. I'd like to thank each one of the Trustees for giving me the opportunity to speak with you directly this morning. Before I begin, I'd like to again thank the Trustee Council for their efforts in funding the Sound Waste Management Plan. It's been a very successful project, and I participated in the formation of that, so I know how much work went into it. And we do appreciate it.

Just getting an answer back to you about the oiling issues around Chenega and the different options, I can represent that virtually all of the people of Chenega would prefer option one as it was outlined by Ernie Piper.

CHAIRMAN RUE: Great. That's good to hear.

MR. TILLERY: Chuck, could you speak a little louder?

MR. TOTEMOFF: I'm trying to speak as loud as I can.

CHAIRMAN RUE: How's that?

BY MR. TOTEMOFF (Resuming):

What I'm here today to talk to you about is the proposed habitat transaction that we'll be discussing later on today in your executive session with my negotiators. It's been three years since we began discussing this with you, and again,

we appreciate the time and effort that each one of you has put<sup>70</sup>  
into this. We realize that it hasn't been easy for any one of  
us through this entire process.

1 We think the past is not important at this point.  
2 What we think is, what's important is right now and what we can  
3 do together to make this project move forward. We have shared  
4 confidential pertinent data with your negotiators, and I hope  
5 they've had a chance to discuss that information with you. It  
6 concerns our financial information from Koncor Forest Products.

7 We believe it will have some impact on the evaluation issues  
8 today.

9 We also have a deep commitment to the land. Although  
10 Jackpot and Eshamy Bays are very far from our village site and  
11 could easily be logged -- and I might add that we already have  
12 two proposals to log Chenega lands that we've declined to  
13 date -- we know before anybody else showed up on the scene that  
14 our lands were first and world-class habitats. And it's our  
15 desire to see our lands preserved rather than logged for  
16 economic value.

17 Consequently, we would ask you to strike an  
18 arrangement today. We have indicated our willingness to strike  
19 an arrangement at historical numbers we had discussed. Time  
20 will not change where we are from an economic standpoint. I  
21 also urge you to understand that any arrangement we make with  
22 you must also be solid enough, from a financial standpoint, to  
23 receive shareholder approval.

24 Some of the goals that we have with this transaction  
25 is, first of all, to protect the land. There will be logging  
in the foreseeable future on Chenega corporate lands if there

is no protection offered today. And also, at the same time, there are substantial amounts of lands within this deal that will open Chenega corporation lands for public access.

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We also see that there are major developments to be coming in the future, especially in terms of the Whittier access project. That's going to have the effect of opening up Prince William Sound to the general public, and we believe in doing responsible development. That means we have to protect the land, first of all. And what we're interested in doing is some ecotourism projects, something that has the least impact on the land, but also still be able to derive an economic opportunity from that.

We also want to provide for our shareholders, and we've done that. We've made some steps towards that already by creating a settlement trust, which was passed in our last annual meeting. It has not been implemented yet, pending some favorable tax rulings, but we expect to get them. But we do have a mechanism already set up to where the proceeds will not be frittered away. You know, these funds will last basically in perpetuity, and that's why we're going to create the settlement trust.

In order for all of this to happen, we need to receive fair treatment in the evaluation process. And what that means is that we have to arrive at a fair value today. Again, I appreciate your time. I stand before you with my continued commitment to try to make all this work; however, collectively, we need to make the necessary decision as to what is the best -- what is in the best interest of all parties and move forward as soon as possible.

There is no reason why we cannot come to an arrangement today. We urge you to be fair and to look at the numbers from an economic standpoint as well as the special beauty of the land. Thank you.

CHAIRMAN RUE: Thank you very much. I would also express my appreciation, as I did to the previous speaker, of your continued willingness to work with us and be patience. And I am hopeful that -- I think the good work and hard effort that you've put into it, I'm hopeful that we can bring it to a resolution. So thank you very much. Are there other Council Members who would like to speak?

MR. JANIK: Yes. I'd like to repeat my comment earlier with regard to Tatitlek and personally thank you for the patience, again, that you've shown and that of your people, throughout this process.

MS. WILLIAMS: Mr. Chairman?

CHAIRMAN RUE: Deborah?

MS. WILLIAMS: Mr. Totemoff, I think it would be helpful to the Council Members and maybe to some public members to have you briefly describe what it meant to your people to be at ground zero of the spill and what it meant to your sense of the land and its value to you.

MR. TOTEMOFF: Well, myself personally, I was woken up very -- in the early morning hours by a neighbor, and it was just about 6:00 o'clock in the morning, 6:00 or 7:00 o'clock in the morning. I wasn't even awake yet, so I didn't understand the significance of it until I started seeing it on the news.

And then we had that three days of high winds. And then when the winds stopped, by that time, there was solid oil

1 all around our village. We had hundreds and then it became  
2 thousands of people, you know, on our lands that we've never  
3 seen before. So we were from -- overnight, from a subsistence  
4 village into the center of a major clean-up operation. It was  
5 quite a shock.

6 And we continue to live with that legacy today, and,  
7 you know, our resources have still not recovered. Your own  
8 scientists will attest to that. You know, we don't have to  
9 tell you that anymore. It's going to be a long time before we  
10 recover from this. And this habitat protection deal, I think,  
11 would fit nicely in that recovery.

12 CHAIRMAN RUE: Other Members of the Council have  
13 questions, comments? No?

14 (No audible response)

15 CHAIRMAN RUE: Thank you very much.

16 MR. TOTEMOFF: Thank you.

17 CHAIRMAN RUE: We appreciate it. I believe that  
18 that's the last member of the public. And why don't -- are  
19 there any other members of the public at any of the communities  
20 who would like to speak to the Council?

21 MR. McCORKLE: Mr. Chairman?

22 CHAIRMAN RUE: Yes.

23 MR. McCORKLE: May I have one minute to slip in here?

24 CHAIRMAN RUE: Yeah, Vern, come ahead.

25 MR. McCORKLE: Thank you.

PUBLIC TESTIMONY OF MR. VERN McCORKLE

Vern McCorkle again. I would like to take note of  
the legacy of the Council that's going to last on, and the  
transcriptions of these meetings, while probably may not be

1 cast in stone, may be read a hundred years from today. And  
2 people may not understand my salutary remarks for staff  
3 members, including Ernie Piper, who isn't here to hear this  
4 correction, so I would like to expunge from the record my  
5 comment to friendly enemy, and say friendly advocate, which is  
6 the word I really meant.

7 But so oftentimes, those of us in the PAG, who really  
8 dearly love Ernie and appreciate his contribution, call him our  
9 friendly advocate. So I want to make sure that that is not  
10 misunderstood in 2074.

11 (Laughter)

12 MR. McCORKLE: Thank you very much. Maybe  
13 Commissioner Brown could pass on that remark.

14 CHAIRMAN RUE: I'm sure Ernie will appreciate it.  
15 Well, Council Members, I believe that brings the public portion  
16 of our meeting to a close, unless I hear if there is anyone  
17 else who would like to speak to us today.

18 (No audible response)

19 CHAIRMAN RUE: Okay. We had one more item that we  
20 wanted to get to before we go into executive session, and that  
21 was the auditor's report.

22 And if it's all right with Ms. Williams, I would to  
23 turn over the Chair to Deborah Williams while I -- and we're  
24 going to be eating lunch, I assume, while we hear this, Molly?

25 MS. McCAMMON: Probably during the beginning of  
executive session.

CHAIRMAN RUE: Oh, okay. Well, if I could excuse  
myself for a half-hour here, and Deborah, if you'd be willing  
to take the Chair, I'd appreciate that. And then you all could

hear the auditor's report. All right?

MS. WILLIAMS: That's about right.

CHAIRMAN RUE: Thank you very much.

(Ms. Williams assumed the Chair)

CHAIR WILLIAMS: And Commissioner, will someone be sitting in for you during this period?

MR. RUE: I can have -- yeah, Joe Sullivan.

CHAIR WILLIAMS: Okay. Mr. Sullivan, if you could join us at the table, please.

CHAIR WILLIAMS: The next item on the agenda is the presentation on the audit by Elgee, Rehfeld & Funk. Who will be presenting that today?

MS. McCAMMON: Max Mertz.

CHAIR WILLIAMS: Mr. Smerkz.

MS. McCAMMON: Mertz.

CHAIR WILLIAMS: Smertz. Excuse me.

MR. MERTZ: Mertz, Smertz.

CHAIR WILLIAMS: Mr. Mertz, if you could, please give us your presentation on the audit.

MR. MERTZ: Thank you, Madam Chairperson. I just wanted to take a few minutes here to talk a little bit about the audit process, what we did, you know, through the audit, and a little bit of -- some of the findings of the audit.

We've already released, and you have a copy of, both the Trust Fund financial statements and the notes and the supplementary information to those financial statements, and then also a copy of the management letter. I just want to kind of pick up some of the highlights there. Also, Traci's bringing around to you a list of the people that we had work on

the audit for us. Also with me here are George Elgee and some<sup>76</sup>  
of the members of the audit team.

1 We started work on this audit back around the end of  
2 October of '95. We actually finished the audit -- field work  
3 portion of the audit, in late January and completed the audit  
4 work and got the audit out the door by around at the end of  
5 March of '96. So it was about a five-month process and was  
6 quite detailed.

7 The other letter that you have in front of you that  
8 I'd like to talk about just for a second before we go is a  
9 communication to you of what our responsibilities are under  
10 generally accepted auditing standards. We're required to  
11 communicate certain things to you. Probably the most important  
12 thing on there is what our responsibilities are. And that is  
13 that we conduct the audit so that the financial statements are  
14 presented fairly.

15 These financial statements are not ours, obviously.  
16 They're your financial statements, even though they're printed  
17 on our letterhead. They represent, you know, the Trustee  
18 Council's trust funds and the results of its activities with  
19 the Exxon Valdez funds. One other important thing that we'd  
20 like to say is that there's -- we had no significant  
21 disagreements with the management, either at the Trustee  
22 Council level, you know, at the Executive Director's Office, or  
23 at the agencies, disagreements that would result in, you know,  
24 a question about how we were going to present some financial  
25 statements.

Just briefly, a little bit about the audit process.  
Before we start an audit, the most important thing we do is to

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gain an understanding of the accounting policies that you use and the internal control process. What that means is that we sit down and read all the documents: the MOA, the agreement consent degree, the financial operating procedures, the work plans, you know, any other pertinent laws and regulations, try to get kind of a background as to what the entity is that we're auditing here.

The second thing that we did before we started the audit, because of the fact that you are somewhat unusual -- and I've used "you" as, you know, the Trustee Council. But the structure of the trust funds and way that these monies are being spent is very unusual in terms of a normal audit.

Generally, you think of an audit as being one of a city or state government in which ownership is maintained by a single entity. And that's not the case here. And of course, there's a flow of funds from the federal government or from the District Court to the federal and the state governments and then out to the agencies. And so it was somewhat challenging in the fact that each of those agencies have somewhat distinct internal control policies.

So with Traci Cramer's help, we actually had interviews, total interview hours of about 135 hours, with all of your staff, sitting down with them via teleconference, in person, and saying, 'How do you do things? You know, what's the flow of paperwork? Where does the money go?' Trying to get an understanding of, you know, what's done with the Exxon Valdez money.

In addition to that, George Elgee and I, engagement partner, traveled to Washington, D.C., and met with the folks

at Manage Nert N.R. (ph) at Interior. And we also traveled, with Molly and Tracy to Houston and met with the Court Registry Investment System folks there. So we feel, through that, that we got a pretty good understanding of how you do things. Obviously, there's a lot of things that you do, and it's done very differently by different agencies, but we feel that we've got that understanding. We've also documented it. There's a memo that we've provided to Traci that's several pages long that kind of documents our understanding of the control process.

And again, the purpose of this is to basically identify how and why you do things. Also, two other significant reasons we do that, obviously, are to identify weaknesses. You know, where are the problems? Where are the risk areas? What do we need to address through our audit to make sure that the money is being spent appropriately and accounted for properly? And then, obviously to design our audit process to make sure that we have -- you know, that we addressed those risks through our audit.

So after we finished that process, we basically started the audit. And there's two significant components to your audit that are addressed, or that are kind of embodied in your financial statements. The first are the three trust funds, the CRIS trust fund, the Nert N.R. (ph) trust fund, and then the state oil spill trust fund.

Those three separate audits that were done as part of this overall audit were to ensure that the balance sheet for each of these and the income statement were fairly presented. In other words, that we have all the captioned investment

properly presented, that we have any other receivables that needed to be recorded properly presented, any other payables, and that, obviously, fund balances properly presented.

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There were challenges, again, because of the fact that there's distinct legal ownership. Each of the trust funds is actually owned, technically, by -- or is controlled by, anyway, separate entities, one being District Court, one being the federal government, the Department of the Interior, and the third being the State of Alaska.

The second issue that makes your financial statements a little bit complex and a little but unusual is the fact that the CRIS trust fund and the Nert N.R. (ph) trust fund are on a case basis. In other words, what's shown on the balance sheet and in the income statement for those two funds are, 'What have we received, and what have we paid out? And what are our net assets? What do we actually have today in cash?' And that was what's presented.

Because of the accounting structure of the state government, State of Alaska, and the integration of the state fund with the agencies through its accounting system, we actually had to present it on a modified accrual basis, which basically means we also include accounts payable, certain receivables. And so as a result, you ended up with three different balance sheets in the financial statements and three different income statements. But we feel that given these challenges or these issues, that they are fairly presented.

The second part of the audit was obviously the audit of the restoration projects. Just briefly on the restoration projects, what we did was select, in a descending dollar value

order, those projects based on the '96 or '95 work plan that would give us a coverage of 75 percent of the total agency authorizations on a by-agency basis, Forest Service, NOAA, each of the Interior agencies that receive funds, and the three state agencies that receive funds. From that population of projects, we tested the cash disbursement, both payroll and non-payroll, for each of those projects.

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So we actually went in and identified a detail of expenditures and looked at everything from the approval process, starting with the original encumbrance of an amount of money for a purchase order or contract or whatever, all the way through the ultimate payment for those funds. In addition for all of those projects identified by agency, we looked at what was on the DPD. What was the intent of the Trustee Council and the approval process? And does it appear that that project was conducted using those funds?

Now, obviously, we're not able to assess that from a scientific basis. We were looking for other non-financial information that would help us assess that. You know, were trips taken to where the DPD said it would be taken? You know, those types of things.

As a result of all those procedures, both on the trust funds and on the restoration projects, the financial statements that you have and our report on them is a clean opinion. It's an unqualified opinion, which means that we didn't identify anything that would cause us to believe that the information in the financial statements is materially misstated. So we feel that those amounts and the numbers in there are correct.

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We did, however, obviously, identify findings, areas<sup>81</sup> that we feel could be improved, should be changed in order to either increase accountability, to improve the internal control process, to increase efficiencies, or what have you. And those are, of course, in the second document that you've received, which is our internal control comments.

There are three or four ones that I just wanted to briefly touch on that I feel are probably some of the more important comments. The first one has to do with the CRIS fees. I think that that was kind of the thing that struck me the most. Actually, Molly and Traci made us well aware of it going into it, that potentially that would be something we'd want to look at.

And based -- when you purely look at the cost, what you're paying for the services that you receive, it's -- there's not a match. You're paying more for the services you receive from CRIS. And so we felt that some -- that it would be worthwhile for the Trustee Council to pursue that, and I understand that that's being done currently.

Second is the general administrative costs. Financial operating procedures say that each agency will receive -- along with their direct project money, they'll receive 15 percent of that, of the personnel line item for each project and 7 percent of the contract line up to \$250,000, and 2 percent over that, a reimbursement for the cost of administering the project.

What we found in G&A, there was a couple of things. First of all, there didn't -- at some of the agencies, there wasn't a direct link of the expenditures of the general

administrative money in accordance, or as a percentage of, or 82  
in relationship to the direct project expenditures, and we felt  
there should be.

1           Also when project managers are allowed to shift money  
2 between projects -- or within a project, I should say -- not  
3 between projects -- as they choose, it's their discretion to do  
4 that, and we feel that that's fine. However, if a project is  
5 budgeted 100 percent to personnel when it gets approved, and  
6 then there's a subsequent shift to another line item, which  
7 they don't -- shouldn't get G&A reimbursement for, or a lower  
8 G&A reimbursement, for example, in the contractual line, there  
9 currently is no adjustment to the amount of G&A money that they  
10 receive as a result of that shift. We felt that should also be  
11 something that you might want to take a look at.

12           All of this G&A comment, though, is taken within the  
13 context that this is currently what's in your financial  
14 operating procedures. These are -- the financial operating  
15 procedures aren't well defined. Or this is what they say  
16 currently, and that might be different from what the agencies  
17 are doing. We know that you're currently working to revise  
18 those FO -- financial operating procedures.

19           And if you do so and you choose to say, 'Here's this  
20 money. You don't have to link it to the direct project cost.  
21 You can shift it however you want without having to recalculate  
22 it,' that's fine. We wouldn't necessarily be opposed to that,  
23 but we feel that that needs to be stipulated in the financial  
24 operating procedures. Have that go through the public process  
25 and have those adopted, if that is what your intent is for  
those funds.

Another important comment, we felt, was separating project management costs. Currently, or '95, project management, there's a little bit of the project managers attached to each project. And so it's very difficult to get a handle on how much you're actually spending on project management at each agency unless you go through, pull out the project managers out of each project, and add those up. And that's not being, currently, aggregated anywhere.

Project management is, in our opinion, very, very important because that's primary oversight over the projects, making sure that -- you know, that there's reasonable expenditure of funds. It seems the way you're structured now, the way you're structured currently, that it's integral to the way you do business, the way that you're expending these funds.

Having said that, though, it's equally important to ensure that you have good accountability over that process. And the only way to reasonably do that is separate those projects and do a separate project management budget by agency.

Two other items just real briefly. One is, you enter into RSAs or -- if you're a state agency, an RSA -- or a contract with University of Alaska, Fairbanks, and other agencies to have them provide certain services for you in relation to restoration projects. You, the Trustee agencies, are tasked, through the financial operating procedures and the MOA, with primary accountability and oversight over the EVOS money. And currently, the agencies do not receive from UAF and others detail as to what their expenditures are. You'll receive a summary: 'Here's how much we've spent on personnel in the period. Here's how much we've spent on contractual,' or

what have you.

1 We feel that as part of that oversight and review  
2 responsibility, that detail should be provided by UAF to the  
3 agencies. And the project managers or whoever is in -- or the  
4 PIs or whoever, should be reviewing those monthly reports or  
5 quarterly reports or whatever they might be, to ensure that  
6 it -- you know, it appears that there's a, you know, proper  
7 accounting or that the expenditures are occurring -- that occur  
8 appear to be reasonable. Again, we feel that that should be at  
9 the Trustee agency level and not simply tasked to UAF.

10 And the last thing is -- and this is probably one of  
11 the more popular things in our management letter, and that's  
12 the precoding of payroll. Currently, employees are set up in  
13 the system at many of the agencies, where, at the beginning of  
14 the project year, their system will say based on the budgets --  
15 or the fiscal people will say, 'We're going to charge 25  
16 percent of this person's salary to this project and 75 percent  
17 of this person's time to another project.' And then they will  
18 go on throughout the year and charge -- you know, their payroll  
19 will just automatically hit those two accounts, or those two  
20 projects. That doesn't, however, reflect the work effort of  
21 those employees on those very same projects.

22 And currently, when a state agency or a local agency  
23 receives money from the federal government, they're required  
24 through various OMB circulars, Office of Management and Budget  
25 circulars, to directly account for the expenditure of money  
that is going to be charged against grants. They're required  
to say, 'If we're spending eight hours of time, or charging  
eight hours of time, to a project to substantiate, through time

sheets or whatever, that that employee in fact worked eight hours of time.'

1 Right now, at many of the agencies, you cannot do  
2 that because of the fact that nobody goes back after the fact  
3 and looks at how much time you've spent, you know, actually  
4 worked on a specific project and compared that to how much is  
5 actually being charged to those projects. And we feel that  
6 accountability would be improved if payroll is charged directly  
7 based on the work efforts of the employees.

8 That pretty much concludes my comments. If you have  
9 any questions, I'd be happy to answer any of them.

10 CHAIR WILLIAMS: Thank you, Mr. Mertz. Do any  
11 Trustee Council Members have any questions at this time? Mr.  
12 Tillery?

13 MR. TILLERY: Every time we worry about a \$50,000  
14 project, I get unhappy about those CRIS fees. And I believe  
15 that Gina has been looking into that. I wonder if you could  
16 give the Council a status report on where we are in getting  
17 some resolution.

18 CHAIR WILLIAMS: Ms. Belt, if you wouldn't mind  
19 joining us at this microphone.

20 MS. BELT: I've spoken with a couple of people from  
21 the financial office of the Administrative Office of U.S.  
22 Courts. One of the items that they were going to do was to  
23 calculate the fees according to the way they thought they  
24 should be calculated to make sure that we had been assessed the  
25 fees appropriately. I don't have the results of that yet. I  
don't believe that has been accomplished.

But the other -- I think Craig and I have discussed

other options, one of which includes applying to the court for return of the fees, and there's some question about how much we should ask for back. And the third option that we've looked at, and I think is probably appropriate for action very shortly, is to ask the Director of the Administrative Office of the U.S. Courts to alter the fee schedule under which we've currently been paying fees.

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But I don't know that there are any precedents or criteria that -- other than what has been presented to us in the audit -- that would be the basis for doing that. We don't have any knowledge, currently, about what criteria he would apply to make that determination.

CHAIR WILLIAMS: Ms. Belt, in terms of timing on these three options, as you've expressed, option one was to ask them to relook at whether they've charged us appropriate fees. When do we expect a response back on that?

MS. BELT: I have it on my calendar to call them tomorrow about that. They did not give me a date by which they expected to have it done. I'm not sure that they knew. But I will ask that question of them tomorrow and report to Molly.

CHAIR WILLIAMS: Good. Assuming they say that they corrected them -- that they've calculated them accurately or the correction is de minimis, what do you see as a schedule for pursuing either option two or option three?

MS. BELT: Option three, I think, could probably be taken out or acted on very quickly. I think we need to formulate a letter to the Director and determine -- come up with a fee schedule that we think would be appropriate. And maybe that's something that needs some attention by the

CHAIR WILLIAMS: Mr. Tillery or Ms. McCammon, do you have a recommendation as to a schedule?

1 MS. MCCAMMON: Madam Chair, the audit team brought  
2 this to our attention; actually, it was brought to our  
3 attention when we traveled to Texas in December, and we've been  
4 working on it every since. In terms of a schedule, as soon as  
5 possible is the best schedule that we can try to achieve, and I  
6 think it ought to be done right away.

7 CHAIR WILLIAMS: Do we think we could have it done by  
8 the end of the month?

9 MS. MCCAMMON: We could certainly have the letter.

10 CHAIR WILLIAMS: The letter.

11 MS. MCCAMMON: And a suggested fee schedule put  
12 before them.

13 MR. TILLERY: And so you've actually spoken to Judge  
14 Holland about this.

15 MS. BELT: Correct. And.....

16 MR. TILLERY: And that's how you ended up with the  
17 Administrative Office of the Courts.

18 MS. BELT: Right. That's right.

19 MR. TILLERY: Is that right? Because Judge Holland  
20 doesn't feel he can do anything?

21 MS. BELT: He feels that it's not within his  
22 bailiwick to undertake these changes himself, either the wire  
23 transfer of the fees or the changing of the amount of fees or  
24 the percentage of fees that we are assessed. But certainly, he  
25 would entertain a motion, I think, to have the fees that have  
already been assessed returned.

MR. TILLERY: One last question I have.

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CHAIR WILLIAMS: Yes, Mr. Tillery.

1 MR. TILLERY: I believe this was in your report, but  
2 what was the amount that we think is probably above what  
3 normal -- you'd normally expect to have been assessed? Just in  
4 terms of the order.

5 MR. MERTZ: Madam Chairperson. Through the --  
6 through September 30, 1995, you'd paid one point -- or  
7 \$1,128,000 in court registry fees. And Ms. Belt brought up a  
8 good comment, and that is the fact that CRIS is an unusual  
9 entity. You can't compare it, readily, to a bank or another  
10 investment firm or, you know, to other types of services that  
11 are being preformed because of the fact that CRIS is like a  
12 middleman between the Trustee Council and Texas Commerce Bank,  
13 who's actually doing the investment for you. And Texas  
14 Commerce Bank is reimbursed under a separate agreement, and  
15 your income comes in net of their fees.

16 So Texas Commerce Bank is reimbursed, and then CRIS  
17 steps in and takes a chunk of it, and then you get your -- that  
18 investment money. When you look at the number of people that  
19 they have devoted to it, which is one full-time staff person  
20 for all of CRIS, not only your funds but the whole pool, which  
21 is in excess of two or three billion dollars now, you find it  
22 hard to imagine that costs in excess of \$50,000 a year would be  
23 what they incurred to manage the money.

24 And so you compare that to what you pay today and the  
25 three years that you've had money with CRIS, you can see  
that -- my recommendation was that you go for zero, or as close  
to it as possible. But you say, you know, we don't feel that

1 we should be charged any fees or a flat rate, you know,  
2 anywhere from zero to maybe \$50,000 a year. That would be a  
3 matter of -- I don't know if it's a matter of negotiation or  
4 how that's done, but, you know, clearly what's being charged  
5 now is disproportionate to the services.

6 MR. TILLERY: So it sounds like it's about a million  
7 dollars more than you would have normally expected.

8 MR. MERTZ: Yeah. That's correct.

9 CHAIR WILLIAMS: So going back to Ms. Belt and Mr.  
10 Tillery, can we ask, then, the two of you work together to  
11 prepare a letter by the end of the month? And can we have both  
12 of the items in that letter, both the request for reimbursement  
13 and also a proposed new fee schedule? Do you think that's  
14 advisable to put it in the same letter, or should there be two  
15 separate letters?

16 MR. TILLERY: I guess as I understand, they go to  
17 different people, don't they? The new fee schedule goes to the  
18 Administrative Office for the Courts, and the request for  
19 reimbursement would go to Judge Holland.

20 CHAIR WILLIAMS: Okay. Can we have both letters by  
21 the end of the month? Is that feasible?

22 MR. TILLERY: I think it's a schedule we should try  
23 for.

24 CHAIR WILLIAMS: Good. All right.

25 MR. TILLERY: But we need to do something.

MR. TILLERY: Yes, we need to do something. Are  
the other Trustee Council Members agreeable to that?

MR. JANIK: Yes.

CHAIR WILLIAMS: Two letters by the end of the month?

MS. BROWN: Yes.

CHAIR WILLIAMS: Are there any other questions for Mr. Mertz? Mr. Pennoyer? No, you're clearing your throat.

MR. PENNOYER: Just clearing my throat.

CHAIR WILLIAMS: Any other questions for Mr. Mertz?

(No audible response)

CHAIR WILLIAMS: Mr. Mertz, I personally thank you. I certainly know this was a complicated audit. I thank you for your patience in working with the Department of Interior agencies, and I think you have made some extremely helpful recommendations, and I'm very pleased with your services.

MR. MERTZ: Thank you. I appreciate it.

CHAIR WILLIAMS: Any other questions or comments for Mr. Mertz?

(No audible response)

CHAIR WILLIAMS: Thank you.

MS. McCAMMON: Madam Chair?

CHAIR WILLIAMS: Yes.

MS. McCAMMON: If I could just point out that one of the main recommendations from the audit team is to revise our financial operating procedures, which are in desperate need of being revised. We do have an internal draft now. It will be circulated for agency review, and I anticipate it will go out to the Public Advisory Group in August and then be before the Council for final adoption in late August.

CHAIR WILLIAMS: Thank you.

MS. McCAMMON: And the issues that Mr. Mertz identified are ones that we are trying to address in that -- those revised procedures.

CHAIR WILLIAMS: Excellent. Thank you. Trustee Council Members, I note that the next item on our agenda is miscellaneous technical budget amendments. But what I would propose, given that I think we can put that to after the executive session, is that we go into executive session now and then do the miscellaneous technical budget amendments after executive session. Is that agreeable to everyone? Yes, Mr. Tillery?

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MR. TILLERY: Commissioner Rue has not returned, has he?

CHAIR WILLIAMS: Right, but Mr. Sullivan is here, so I think we can make the motion to go into executive session. Would you prefer to do the other while -- in his absence?

MR. TILLERY: Well, I think that Mr. Rue at least indicated to me that he would prefer to be here.....

CHAIR WILLIAMS: For the executive session? All right.

MR. TILLERY: .....for the executive session.

CHAIR WILLIAMS: All right. Then let us proceed, then, with the miscellaneous technical budget amendments. Ms. McCammon?

MS. MCCAMMON: Madam Chair. As a result of our quarterly reports, and as a result of the auditor's report, we did go through all of our financial statements, and there are basically a few clean-up items that need to be ratified.

And specifically, there is a request to retroactively carry forward \$1.5 million for costs associated with the habitat protection and acquisition support. In addition, to ratify -- get the exact motion here. To recognize the 1995

payment of prior year obligations incurred by the Department of the Interior, Fish and Wildlife Service, in the amount of \$102,000 and a subsequent transfer of \$105,000; to ratify a number of transfers that exceed the \$25,000 or 10 percent agency transfer limitation as currently provided in the financial operating procedures.

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And there is one -- there are two changes to the motion that you have before you: 95-110 close-out, to transfer \$3,683 on 95-126. It's actually a negative transfer of minus \$26,816. And on 95-163B, the actual number is \$8,904.

MS. CRAMER: There is a revised motion attached to that.

MS. McCAMMON: Okay, with the revised motion. Thank you. 95-163E, a transfer of \$19,709; 95-163F, a transfer of \$13,795; 95-422 close-out, a transfer of \$3,403. These are all basically a transfer of funds that had been authorized, but they were removed from other funds and trans -- one project and transferred into another project.

In addition, to authorize the National Oceanic and Atmospheric Administration to transfer authority in excess of the \$25,000/10-percent limitation between these projects, 95-163, a negative transfer of \$43,080; 95-163A, a transfer of \$40,191; and 95-163L, a transfer of \$2,889.

In addition, there is a request to approve \$277 to the Alaska Department of Environmental Conservation to pay a very old bill from fiscal year 1992. In addition, there's a request from the Forest Service to approve an increase of \$21,897 for Project 95-259, restoration of Coghill Lake salmon stocks that exceeded its authorized funds by that amount.

CHAIR WILLIAMS: I will entertain a motion to accept these technical amendments.

MR. PENNOYER: So moved.

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CHAIR WILLIAMS: It's been moved by Mr. Pennoyer. Do I hear a second?

MS. BROWN: Second.

CHAIR WILLIAMS: Seconded by Ms. Brown. Is there any discussion?

(No audible response)

CHAIR WILLIAMS: Ms. McCammon, I know Fish and Wildlife Service contacted me about the need to -- of further expenditures to keep various samples and so forth in storage. Is that incorporated in here?

MS. McCAMMON: No.

CHAIR WILLIAMS: No.

MS. McCAMMON: That's a separate motion.

CHAIR WILLIAMS: That's a separate motion. We'll be coming to that?

MS. McCAMMON: Yes.

CHAIR WILLIAMS: Good. Yes, Mr. Pennoyer?

MR. PENNOYER: Thank you, Madam Chairman. Molly, as I understand it, most of these have to do with changes in the way the money was spent, not changes in the project objectives or dropping objectives or doing anything like that; is that correct?

MS. McCAMMON: That's correct.

MR. PENNOYER: So these were basically the technical amendments as you've described?

MS. McCAMMON: Yes. Yes. In some cases, one

project, you know, needed some extra money for a boat charter.94

And in order to get that money, another project maybe didn't use as much money in some aspect of it, but it does not materially affect the purposes of the project.

MR. PENNOYER: And these more or less net out, by and large?

MS. McCAMMON: With the one exception of Forest Service for the addition for Coghill Lake.

MR. PENNOYER: And the rationale for that addition?

MR. JANIK: Dave, I think you're prepared to speak to that.

MR. GIBBONS: Sure.

MR. JANIK: Dave Gibbons, Forest Service.

(Pause)

CHAIR WILLIAMS: Mr. Gibbons, please.

MR. GIBBONS: Madam Chair. In 1994 the Forest Service turned in about \$270,000 in lapsed funds that we had in excess. So I directed our principal investigators, in '95, to be very conservative. If you come in with a number, if you've got range, you better take the low one. I don't want to have that lapsing again. And on Coghill, they came in with a low number. There was a supplementation workshop that had to do with the salmon that -- you know, and there was some funding in that. But there was some more personnel needed to help support that project, and that came out of the Coghill Lake system because it was a sockeye project and dealt with the supplementation issue.

And then they also dealt with the Prince William Sound aquaculture. And they had a release site at the mouth of

Coghill Lake, and we had to do an analysis of the effect of that release on the Coghill Lake project, so that took some personnel time. So it was a biologist's time in excess of what was projected.

MR. PENNOYER: Thank you. Appreciate that.

CHAIR WILLIAMS: Mr. Pennoyer. Are there any additional questions about the technical amendments?

(No audible response)

CHAIR WILLIAMS: Ms. McCammon?

MS. MCCAMMON: Madam Chair. I guess I should just note that as part of this audit process, we really have been working with the agencies to ensure that all of the books are totally cleaned up and everyone is complying with the financial operating procedures. And one of the things, I think, that has to be noted is that sometimes there's a big difference between what an agency does as part of its regular procedures versus what the Trustee Council is asking them to do.

The Trustee Council has been asking for a higher level of accountability in reporting than is normal agency practice. And so there's kind of a line there of ensuring that you do have that high level of accountability, but also that you don't put such an inordinate burden on the agencies to comply with that, that it requires significant additional cost.

In the future, you would see these kinds of transfers come to you before they occur rather than after the fact.

CHAIR WILLIAMS: Any further questions or comments? Mr. Tillery?

MR. TILLERY: Madam Chairman. Am I correct in thinking that this motion currently does not include the

storage and archiving of.....

MS. McCAMMON: That's correct.

MR. TILLERY: .....hydrocarbon samples? Okay.

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CHAIR WILLIAMS: Yes.

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MR. TILLERY: Okay.

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CHAIR WILLIAMS: But Ms. McCammon promised she was going to bring that to us.

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MS. McCAMMON: Next.

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CHAIR WILLIAMS: Any further questions or comments?

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(No audible response)

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CHAIR WILLIAMS: It's been moved by Mr. Pennoyer, seconded by Ms. Brown that we accept these technical amendments. Are there any objections?

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(No audible response)

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CHAIR WILLIAMS: Hearing none, the motion passes.

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Ms. McCammon?

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MS. McCAMMON: The next item, if you go past the pink tab, is the request for \$23,696 for storage and archiving of hydrocarbon samples. Fish and Wildlife Services, Division of Environmental Contaminants Section, has requested funding to pay for the long-term storage of samples that currently reside at Texas A&M.

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Efforts to date by the Department of Justice to secure approval from Exxon to release these samples have not been successful. Storage costs are \$9,600 a year. They have not been paid for fiscal year '95 or fiscal year '96.

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The request is to pay those fees and, in addition, to recover the large volume of data that is associated with these samples, which is currently about 70 storage boxes. The

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requested funding includes funds to pay for the storage as well<sup>97</sup>  
as funding in the amount of \$4,495 to support retrieving and  
archiving of the associated data. And there's a memo behind  
this with a suggested budget.

CHAIR WILLIAMS: I will entertain a motion to expend  
\$23,696 for the storage and archiving of hydrocarbon samples.

(Pause)

CHAIR WILLIAMS: Is anyone willing or interested in  
making that motion?

(Pause)

CHAIR WILLIAMS: They're going to get thrown out on  
the street if we don't pay this money.

MS. BROWN: So moved.

CHAIR WILLIAMS: So moved by Ms. Brown. Is there a  
second?

MR. PENNOYER: For purposes of discussion, I'll  
second.

CHAIR WILLIAMS: Yes, seconded by Mr. Pennoyer. It's  
been moved and seconded. Is there a discussion?

MR. PENNOYER: Yes.

MS. BROWN: Yes.

CHAIR WILLIAMS: Yeah.

(Laughter)

MR. TILLERY: Yes.

CHAIR WILLIAMS: Yes. Ms. Brown?

MS. BROWN: Just to describe what we are going to do  
with this material.

MR. PENNOYER: Yeah, that's.....

CHAIR WILLIAMS: Ms. McCammon?

MS. McCAMMON: It is my understanding that the storage boxes would be archived here in Alaska, most likely under the federal system. In terms of the samples? I couldn't answer that question exactly. I would assume that since they're hydrocarbon samples, if the NOAA lab, which has basically been dealing with all of the hydrocarbon samples, wanted them, they could do something with them. Otherwise, I'm not totally sure of that.

CHAIR WILLIAMS: Is there anyone in Anchorage, is Catherine Berg currently in Anchorage at the Anchorage site? Or is anyone else who would like to respond to that question?

(No audible response)

CHAIR WILLIAMS: Anchorage, are you still on?

(No audible response)

CHAIR WILLIAMS: Do we know if Anchorage is on, Rebecca?

MS. REBECCA WILLIAMS: L. J.?

MR. THOMPSON: Yes, Deborah, this is Ray Thompson. There's no one else here but myself at the moment. Catherine left about lunchtime.

CHAIR WILLIAMS: All right. Very good. Mr. Pennoyer?

MR. PENNOYER: I don't think I understood the comment that if NOAA lab wanted them, they could have them, then we'd get out of paying this money.

(Laughter)

MR. JANIK: Could I respond to that?

MR. PENNOYER: Well, I guess I'd be glad to.

CHAIR WILLIAMS: Yes, please.

1 MR. JANIK: The question here is to pay Texas A&M to<sup>99</sup>  
2 keep storing the samples because DOJ and Exxon can't agree that  
3 we can have them back. That's -- your question is, I think,  
4 the next step, once we get the court's approval first.

5 MS. McCAMMON: That's correct.

6 CHAIR WILLIAMS: So at this point, we do not have  
7 court approval for the return.

8 MS. McCAMMON: That's correct.

9 MR. JANIK: No. That's the nature of the problem.

10 MS. McCAMMON: Of the samples themselves.

11 CHAIR WILLIAMS: And so the samples -- okay. Mr.  
12 Tillery?

13 MR. TILLERY: Yeah. I believe that court approval or  
14 a motion to the court on that is pretty imminent. And I think,  
15 the last I heard, which was a week or so ago, we had an  
16 agreement for the destruction of samples that was pretty close,  
17 that all parties had agreed to.

18 The State of Alaska is also storing a lot of  
19 hydrocarbon samples; our DEC lab has been on us for quite a  
20 while because they're taking up valuable lab space, they're  
21 expensive to store and so forth. I guess I fail to see why  
22 this is any different than the State having stored its own  
23 samples at its own expense and certainly isn't asking for any  
24 reimbursement.

25 I think there's probably even notice that a federal  
sample is out there that no one is asking for reimbursement on.

I'm not sure why. What is special about these that  
distinguishes them, and are we opening ourselves up to pay for  
a lot of back storage?

CHAIR WILLIAMS: Yes, Ms. McCammon?

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MS. McCAMMON: Madam Chair, I don't have an answer to that question.

1 CHAIR WILLIAMS: Let me say what I would to do is  
2 defer further discussion on this until Catherine Berg is  
3 available. And so if -- Anchorage site, if you could make sure  
4 that Catherine Berg will be joining us after we come out of  
5 executive session, I think we need her to give us more detail  
6 about the samples.

7 Is the Trustee Council agreeable to tabling the  
8 discussion until that time?

9 MR. PENNOYER: Fine.

10 MS. McCAMMON: Yes.

11 CHAIR WILLIAMS: Thank you. Ms. McCammon, the Shuyak  
12 Island.

13 MS. McCAMMON: Madam Chair, we have one more item.  
14 In the Shuyak Island large parcel resolution, that resolution  
15 authorized up to \$1 million for purchase of small parcels  
16 acquired by the Kodiak Island Borough as a result of  
17 forfeitures for tax delinquency. These parcels would be  
18 acquired at appraised values plus closing costs that would be  
19 recommended by the Executive Director and approved by the  
20 Trustee Council.

21 In April, I was notified by the Fish and Wildlife  
22 Service that they had the opportunity to secure the services of  
23 some BLM surveyors who were going out to Kodiak Island to do  
24 some surveying work and, by taking advantage of their presence  
25 there, that they could get 58 parcels surveyed along Uyak Bay  
for the low price of \$15,200. This request is in line with the

policy that was adopted by the Council in terms of when to pay for surveying costs and whether they would be appropriate to enable the Council to actually get to closure on these parcels, and my recommendation is to fund this request.

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CHAIR WILLIAMS: Thank you. I will entertain a motion to expend \$15,200 for a tax parcel survey, please.

MR. PENNOYER: So moved.

MR. JANIK: Second.

CHAIR WILLIAMS: Moved by Mr. Pennoyer, seconded by Mr. Janik. Is there any further discussion of this motion?

(No audible response)

CHAIR WILLIAMS: Is there any objection to this motion?

(No audible response)

CHAIR WILLIAMS: Hearing none, this motion passes. Thank you, Ms. McCammon. Are there any further technical budget amendments?

MS. MCCAMMON: No. That's it.

CHAIR WILLIAMS: Excellent. What I propose is that we do go into executive session, that we get our food, and that by the time, hopefully, we get our food and so forth, that Mr. Rue will be rejoining us. But I would entertain a motion, at this point, to go into executive session. Mr. Tillery.

MR. TILLERY: Madam Chair. I would move that we go into executive session for the purpose of discussing the Tatitlek and Chenega acquisitions or other acquisitions that may come up before the Council.

MR. PENNOYER: Second.

CHAIR WILLIAMS: Thank you, Mr. Tillery. It's been

moved by Mr. Tillery and seconded by Mr. Pennoyer that we go into executive discussion -- into executive session to discuss acquisition of Tatitlek, Chenega, and, as the need arises, other parcels. Is there any objection to going into executive session at this point?

(No audible response)

CHAIR WILLIAMS: Hearing none, the motion passes and we will go into executive session.

(Off record at 12:55 p.m)

(Tape Change - Tape No. 3 of 3)

(On record at 4:43 p.m.)

(Mr. Rue resumed the Chair)

CHAIRMAN RUE: Ernie is now standing in for Michele. And the following.....

MR. TILLERY: In the closing.

CHAIRMAN RUE: Geez, the relief pitchers are in here. All right. Well, we're back on public session. In public session we have a couple of items we wanted to finish today. I will quickly summarize the executive session.

We discussed the Tatitlek and Chenega large parcel proposals. At this point, there's no final decision that's been made. The staff of the Council will be discussing the proposals, the offers by Chenega and Tatitlek, over the next few days, and hopefully we'll make progress and bring those to closure.

All right. The other, Molly, you were going to summarize. There's a couple of issues that we dealt with that you were going to summarize, the budget.

MS. McCAMMON: There was one issue that we tabled

earlier today. That one?

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CHAIRMAN RUE: Yeah. Right.

1 MS. McCAMMON: And it's regarding the storage and  
2 archiving of hydrocarbon samples. And these are some samples  
3 that have been stored at Texas A&M for the last two years; the  
4 storage fees have not been paid for. The request is to spend  
5 \$19,200 to pay for storage of these samples during federal  
6 fiscal year '95 and '96, and to fund \$4,495 to support  
7 retrieval and archiving of the associated documents. So the  
8 total request is \$23,695.

9 MS. WILLIAMS: Is she -- oh, good, Catherine is back.

10 CHAIRMAN RUE: Is she able to discuss this?

11 MS. WILLIAMS: Yeah.

12 CHAIRMAN RUE: Okay. Is there any discussion on this  
13 issue? Yeah.

14 MS. WILLIAMS: Mr. Chairman.

15 MS. McCAMMON: And there was a motion from.....

16 CHAIRMAN RUE: There was a motion?

17 MS. McCAMMON: Yeah.

18 MS. WILLIAMS: There was a motion; it was seconded.  
19 But there was quite a bit of discussion, and we tabled it  
20 because we thought it would be appropriate to have Catherine  
21 Berg be able to answer some of the questions.

22 CHAIRMAN RUE: Okay.

23 MS. WILLIAMS: The -- let me see. Who -- Michele,  
24 did you ask -- or the.....

25 MS. BROWN: Craig did.

MS. McCAMMON: It was Craig.

MS. WILLIAMS: Craig? It was Craig. Craig is.....

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MS. WILLIAMS: Catherine? Several questions were raised about this item, and in particular, several Trustee Council Members were concerned that they, i.e., the State and Forest Service, or at least the State, had stored their samples at no cost. And they were concerned about paying Fish and Wildlife Service, or reimbursing Fish and Wildlife Service, for the storage of Fish and Wildlife Service's samples, and feeling that that would be inequitable for those entities that had stored theirs and not charged the Trustee Council. And I wanted you to have the opportunity to speak to that.

MS. BERG: As far as I know, these are not just Fish and Wildlife Service samples. They are samples that were collected on all fronts during the damage assessment. They were collected by Exxon; they were collected by the various agencies; they were collected -- NOAA, I know, has some there; Fish and Wildlife Service; and I thought the State had samples there also. These are all samples that were collected and analyzed by Texas A&M, and they're not just Fish and Wildlife's samples.

CHAIRMAN RUE: Okay. So any money we'd authorize would pay for many agencies storing of samples.

MS. BROWN: Well, it sounds like it also pays for Exxon, doesn't it?

MS. WILLIAMS: It does.

MS. McCAMMON: Yes.

MS. BROWN: Yes.

MS. WILLIAMS: Catherine, are we paying for Exxon's storage of samples with this money in part?

MS. BERG: I believe so. I believe that it were  
(sic) all the samples that were collected during the damage  
assessment.

1 MS. BROWN: Is it possible to table this until we can  
2 have a full analysis of these, as well as the other storage  
3 aspects, that are done?

4 MS. McCAMMON: I agree.

5 CHAIRMAN RUE: Okay.

6 MS. McCAMMON: Mr. Chairman, if we're going to meet  
7 in another week, week and a half, if we could come back with  
8 this and get some additional information? I didn't realize  
9 this was going to be so complicated and controversial.

10 CHAIRMAN RUE: Okay.

11 (Simultaneous speech)

12 MS. WILLIAMS: Catherine, is there a pressing  
13 deadline for the payment of this that we're facing? Or is this  
14 something that you and staff, EVOS staff, could take a look at  
15 over the next week or so?

16 MS. BERG: As far as I know, Fish and Wildlife  
17 Service in Washington, D.C., cut a purchase order to pay for  
18 the storage up until the end of FY '96.

19 MS. McCAMMON: Well, then.

20 MS. WILLIAMS: Oh, good. So we are covered. We're  
21 now talking reimbursement?

22 MS. BERG: Right.

23 MS. WILLIAMS: Okay. Excellent.

24 CHAIRMAN RUE: So with no objection, we'll table this  
25 issue until our next meeting.

MS. WILLIAMS: Yes.

CHAIRMAN RUE: And in the meantime, we'll get an analysis of exactly what we'll be paying for? Is that what we want to help us make a decision?

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MS. BROWN: Mr. Chair?

CHAIRMAN RUE: Yeah, Michele.

MS. BROWN: What we're paying for, and also I think in comparison to what other samples are stored and by whom?

MS. McCAMMON: Right.

CHAIRMAN RUE: Okay. So those two things. Exactly what is it we're paying for, and second, what comparable values, cost of other samples being stored. All right?

MS. McCAMMON: Mm hmm (affirmative)

MS. BROWN: Right. Thank you.

CHAIRMAN RUE: Okay.

MS. WILLIAMS: And, Mr. Chair?

CHAIRMAN RUE: Yes.

MS. WILLIAMS: Catherine, just for your information, the Trustee Council did approve the Shuyak tax parcel survey costs.

CHAIRMAN RUE: Okay.

MS. WILLIAMS: Thank you.

CHAIRMAN RUE: Okay. So where are we on our agenda?

MS. McCAMMON: Mr. Chairman, I believe the last item on the agenda would be to go back to the tab marked Small Parcels Status Report. And behind that, there's a request from Fish and Game and from Department of Natural Resources to have four small parcels and -- but you have to go back a little bit into the report -- that since the last time the Council took action on small parcels, there have been approximately 12 or so

parcels, additional parcels, that were nominated, evaluated, and ranked. And those are in Table 3, which is in page 3 of the Small Parcels Status Report.

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Of these, Fish and Game and the Department of Natural Resources have requested that four of those parcels that are ranked low be considered parcels meriting special concern and, with that designation, go forward for appraisal. These parcels are Kenai 1039, Kenai 1040, Kenai 1041, and then also.....

CHAIRMAN RUE: 1038, I think. The Schilling.

MS. McCAMMON: Kenai 1038.

CHAIRMAN RUE: Right.

MS. McCAMMON: These are all four parcels along the Kenai River.

MS. WILLIAMS: Mr. Chairman.

CHAIRMAN RUE: Yeah, Deborah.

MS. WILLIAMS: For purposes of discussion, I would like to add a few more. And these are additional parcels in Kodiak that we would like to also ask that the Council determine that they're are also parcels meriting special determination. These are all -- Gary, are you in Anchorage?

(No audible response)

MS. WILLIAMS: Gary Muehlenhardt?

MR. MUEHLENHARDT: Yes, I'm here.

MS. WILLIAMS: Excellent.

CHAIRMAN RUE: Okay.

MS. WILLIAMS: Gary can answer specific -- these were all low ranked; is that correct, Gary?

MR. MUEHLENHARDT: That's correct.

MS. WILLIAMS: Yes.

MR. PENNOYER: I'm sorry. Do we have a list?

CHAIRMAN RUE: It's coming around.

MR. PENNOYER: Oh, okay. Thank you.

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CHAIRMAN RUE: One thing. Okay. Do you have any written explanations? All of these have equal -- you'd like all of them to go forward to appraisals. They all have equal.....

MS. McCAMMON: Mr. Chairman. It's my understanding that these parcels are all the remainder of the small parcels within the Kodiak Refuge that are the high-priority parcels along anadromous fish streams.

MS. WILLIAMS: Yes. Gary, that is correct. These are all high priority under Fish and Wildlife Service ranking, in part, because all of these are along anadromous fish streams?

MR. MUEHLENHARDT: Correct. They have other attributes also.

MS. WILLIAMS: Yes.

MS. McCAMMON: They are ranked low under our evaluation process, but they are along high-value fish streams.

CHAIRMAN RUE: Yeah. It's interesting how -- I mean, Leo Olbert's parcel, some of the ones on the Kenai river, I've been by them, you know, terrific habitat. And yet they get ranked low based on those criteria that we use.

MR. PENNOYER: Sure. I guess I wasn't disputing that, because I know our ranking. And for example, it could be the most important discovery in the world for one species, and because it's one species, it could still get ranked low. But I have no way of telling.....

CHAIRMAN RUE: What's going on with these.

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1 MR. PENNOYER: .....which these are or where they're  
2 located or why they rank high in your draft and low in ours.  
3 So if we say yes, what are we saying? Because I'm certainly  
4 not saying who we should take, if you dip below our high and  
5 even medium to low on a series of parcels without some further  
6 discussion or description or even a map.

7 MS. WILLIAMS: Yes.

8 CHAIRMAN RUE: Okay. Well, yeah, Deborah. I mean  
9 what we've got is we've got four parcels that we provided --  
10 Fish and Game wrote up a little background paper so we could at  
11 least give you some warning that it was coming and laid out a  
12 logic. And then we've got, now, ten?

13 MS. WILLIAMS: Mm hmm (affirmative)

14 CHAIRMAN RUE: Without. So I will be neutral on this  
15 discussion here for a minute, let you all discuss how many of  
16 these we want to deal with.

17 MS. WILLIAMS: Mr. Chairman. I will be very candid  
18 in how this came about. When we saw in the package the  
19 proposal that four of the State's parcels go forward, four low-  
20 ranked parcels go forward, we were going to come to this  
21 meeting with a motion to say, 'Look. Let's take -- let's step  
22 back, look at all the low-ranked parcels, put a group together,  
23 decide which ones should go forward and which ones shouldn't  
24 instead of doing piecemeal.'

25 For various reasons the State has urged us not to  
take that approach. And we feel that these are of, you know,  
equal value, or at least should be, at this point, appraised in  
the same kind of time sequence that the State's are appraised

so that the Trustee Council, when it asks itself should we purchase or shouldn't we purchase these properties, can compare these properties, which we believe are actually high value.

1           They ranked out low in the HPWG process, but by Fish  
2 and Wildlife criteria, these are very high-priority parcels  
3 that the Trustee Council should, when it decides what action to  
4 take on the State parcels, should also have before it the  
5 Kodiak parcels so we can make the most informed decision with  
6 the appraised values in front of us.

7           MR. PENNOYER: Mr. Chairman.

8           CHAIRMAN RUE: Yeah, Steve.

9           MR. PENNOYER: What is the cost of doing this?

10          MS. WILLIAMS: The appraisal costs?

11          MR. PENNOYER: I mean if we say, 'Yes, let's do it,'  
12 is it going to cost us a lot of money to do these appraisals?

13          MS. WILLIAMS: Gary, what is your estimate of what it  
14 will cost to appraise the Kodiak parcels?

15          MR. MUEHLENHARDT: I really don't have an estimate in  
16 front of me. Most of these are Native allotments, and so the  
17 Bureau of Indian Affairs will be conducting the appraisal. I  
18 really don't know what their costs are.

19          CHAIRMAN RUE: So would we pay for the appraisal?  
20 No.

21          MS. WILLIAMS: We do not pay for the BIA appraisals;  
22 that's correct, Gary?

23          MR. MUEHLENHARDT: Well, in the past we haven't paid  
24 for the BIA appraisals or other work that they've done for us.

25          There has been talk, though, that they're in a financial  
situation where they're going to need something.

CHAIRMAN RUE: Okay. Yeah, Mr. Pennoyer. Steve. 111

MR. PENNOYER: Sure, one other question, if I may.

1 If we were going to consider this question of special interest,  
2 particularly low-ranking parcels, to be able to compare some,  
3 is this all of it? I mean are there -- does Forest Service  
4 have a bunch out there they're going to bring at the next  
5 meeting? Does NOAA? I mean what do we have?

6 If we do these and then compare them to the four for  
7 the State, I can understand that. But what do we end up with?

8 Is that then telling us that that's, quote, "it," or would it  
9 establish standards we would use, or where would we end up? It  
10 doesn't cost us anything. I have no problem with -- as long as  
11 we're not agreeing to purchase the property, or even making an  
12 offer, getting an appraisal for no cost doesn't seem like a big  
13 deal, but I don't know.

14 Your original suggestion was step back and look at  
15 everything and decide what we're going to do. You've taken a  
16 separate course of action, and I'm just trying to figure out  
17 where it leads us at some point.

18 CHAIRMAN RUE: Go ahead, Craig.

19 MR. TILLERY: I think what we're trying to do here is  
20 to be able to move forward because we believe that there's  
21 opportunity present here. At least while we're looking at this  
22 thing more closely to take a fairly minimal step of getting the  
23 appraisals going, that we will come in at a future time and  
24 look at all of these things independently and try to figure out  
25 whether in fact we want to spend money for them.

But let us at least now move forward, get the  
appraisals, and be in a position to act. And these are sort of

opportunities that have just arisen and opportunities that may not last forever. And this is an opportunity for us to preserve them, in a sense, for a fairly minimal investment of an appraisal. It's a lot of aggravation, but the dollars aren't, you know, as expensive for these small parcels.

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And that's kind of where we're at tonight. I feel very strongly that this is something that we should do. I think these are very important. I think it's a kind of minimal step; I think we should take that on these parcels.

CHAIRMAN RUE: You mean the four at least that the State -- and then.

MR. TILLERY: The four, and I believe the ones that -- I believe the ones that the Department of Interior has looked at. We have looked at those before, the ones the Department of the Interior has brought up. Now, these do not need to be appraised, or do they?

MS. WILLIAMS: They do.

MR. TILLERY: They do need to be appraised. Those are ones that we looked at way back when. We kind of set them aside for a while a couple of years ago. I think, again, that getting an appraisal, moving forward on these is also important. I think if we can just kind of, as a group, look at these, it doesn't -- to my way of thinking, that wouldn't delay any other parcel that came forward.

If another comes forward and we say, 'Hey, that's important,' we should move on it as it comes, I think. But at least for the moment, I would say those -- these four on the Kenai and these down in Kodiak, we should get the appraisals and hopefully evaluate them for acquisition soon.

CHAIRMAN RUE: Mm hmm (affirmative). Yeah, Molly, you had a.....

1 MS. McCAMMON: Mr. Chairman, I just want to clarify,  
2 then, that as part of this motion, there would be no request  
3 for additional funds from the Council to do the appraisals?  
4 From either Department of the Interior.....

5 MR. TILLERY: Well, I guess.....

6 MS. McCAMMON: .....or the State.

7 MR. TILLERY: .....Well, the State would not need  
8 additional funds to do these appraisals beyond those that have  
9 already been allocated.

10 MS. McCAMMON: So just using existing funds.

11 CHAIRMAN RUE: For small parcel projects.

12 MR. WOLFE: What parcel are you.....

13 MR. TILLERY: I don't know what the -- is it 226 or  
14 something? I don't.....

15 MS. McCAMMON: Whatever the 96-126 budget is.  
16 Existing habitat protection budget.

17 MR. TILLERY: Existing habitat protection appraisal  
18 budget.

19 MS. WILLIAMS: Gary, can we do these appraisals  
20 within the existing habitat protection budget?

21 MR. MUEHLENHARDT: I believe we could.

22 MS. WILLIAMS: Okay.

23 CHAIRMAN RUE: Okay. I certainly -- since I  
24 nominated four of them, I think it's a good idea to go ahead  
25 and get an appraisal. So I -- you know, I would just echo what  
Craig said. Yeah, Jim.

MR. WOLFE: But what are we going to do? Is there

going to be a comprehensive analysis of the rest of these parcels by the time we get to the next Trustee Council meeting that we can look at then and maybe decide? Because right now I don't know what our objective is on the Kenai River because we're buying lots of parcels down there. Do we want to buy everything?

CHAIRMAN RUE: Mm hmm (affirmative).

MR. WOLFE: I know that the Fish and Wildlife Service is looking to buy all the parcels that are available in some areas within the refuge. So of us -- get our objectives on the table, analyze it, and just set some goal for ourselves.

MS. McCAMMON: Okay.

CHAIRMAN RUE: Yeah, I don't have a problem getting that laid out if the staff can do it.

MS. McCAMMON: Yeah, we can do that.

CHAIRMAN RUE: Kind of give us a picture, as of now, what's on the table, what's low, where do they sit. Does Steve -- do you have -- I shouldn't invite comment this late.

MR. PENNOYER: Sure. No, I would agree with -- I don't disagree with what Craig said. I would hope that if we're going to have a small parcel nomination process, though, even if it's just at the appraisal level, that we end up with maps in front of us.

MS. McCAMMON: Yes.

MR. PENNOYER: And some description and so forth before we make the decision even to spend money and going ahead with the appraisal. So that's my only question. I mean, we had a whole flock of things out there, and I'm not sure why these ten, your four by themselves -- yeah, I know you have a

MS. WILLIAMS: Where's our gold star we can put right on Frank's forehead?

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CHAIRMAN RUE: Just put it on my office.

MS. McCAMMON: Don't take it personal.

MR. PENNOYER: I'll withdraw that last remark. These ten don't have a description. You showed me your map.

CHAIRMAN RUE: Yes.

MR. WOLFE: I didn't really -- you know, Steve brings up a point, though. And I didn't hear -- and maybe I wasn't listening at the right time -- why it's so critical that we do it today rather than deal with the analysis first. And maybe you said it and I just missed it. But.....

MR. TILLERY: Well, again, it is the fact that these have become available, that the availability may be very limited.

MR. WOLFE: Okay.

MR. TILLERY: That these are parcels that can go -- that are on the market and can be sold. And right now, they're -- I mean, this is one instance where you don't -- again, you might want maybe a little more analysis before you buy them, but just to get the appraisal, it would seem appropriate to make that investment and now to move forward. Because you know the appraisal process. I mean, it can be.....

MR. WOLFE: Okay.

MR. TILLERY: It can be aggravating; it can be slow. And I think to move -- start that now is important.

CHAIRMAN RUE: And if it doesn't cost anything, I find it a lot easier to -- or any more -- to go ahead and

getting it done. I need less analysis and fewer maps if it's not going to be a commitment. So is there -- there's been -- is -- have I heard a motion about whether we should move ahead with the.....

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MR. PENNOYER: I'll move we go ahead and move ahead with the appraisal of these ten. And part of that motion, though, is that when we come back, it would be in the context of some presentation by staff on all of these.

MS. McCAMMON: These eleven plus four.

MR. TILLERY: Mr. Chairman?

CHAIRMAN RUE: Yeah. Craig.

MR. TILLERY: I guess what I would suggest is that we amend that motion to move that these be designated parcels meriting special consideration, which would allow us to both move forward with an appraisal, as I recall, and also to enter into sort of do a preliminary title search, enter into sort of preliminary negotiations to get a sense of what the seller is going to be willing to sell them for so that when we do come back to the Council, it's not just -- I mean, there's some meat on the table. There's some, 'Well, and here's what it would cost you.'

CHAIRMAN RUE: Well, there was a motion but no second.

MR. PENNOYER: I motioned, and we need a second.

MS. WILLIAMS: Second.

CHAIRMAN RUE: Okay. And then there's a proposed amendment now to the motion.

MR. TILLERY: To the motion, to move that the motion be amended to say that we designate these as parcels meriting

special consideration.

CHAIRMAN RUE: Is that a friendly motion -- amendment?

1 MR. TILLERY: I have no idea whether it's a  
2 friendly.....

3 (Laughter)

4 MR. PENNOYER: We'll all friendly here, but I'm not  
5 clear that it really is because I still have a problem with  
6 deciding whether these merit special -- your criteria, then,  
7 for special merit is simply that they might become available.  
8 And that is criteria we have not adopted yet. It's something  
9 that denotes a partial -- that gets special attention clear  
10 through the whole process. I'm not.....

11 MR. TILLERY: I think my view of a special  
12 consideration is almost -- it's a whole range of things. It  
13 can be because the parcel -- part of it can be because  
14 something is a fleeting opportunity. Part of it is because  
15 there's some attribute of it that makes it quite important.

16 I mean, there can be a lot of things that make it  
17 something that merits special consideration that even though it  
18 didn't reach this level on the score sheet, we think now is the  
19 time to move forward. And, you know, in this case, there is  
20 some of -- two of -- several of these certainly, they're  
21 clearly very pretty highly ranked even though they're not --  
22 they didn't break 18.

23 But, again, the fleeting opportunity combined with  
24 the importance of it, would seem to me, makes the parcel a  
25 parcel meriting special consideration. That would be my view.

CHAIRMAN RUE: If I could.....

MR. TILLERY: I don't think -- again, it doesn't commit us to buy them. It doesn't mean we're saying that they are the most important parcels or that we're going to acquire them, because we don't even know the price yet. It just means that we're going to move forward. We're going to try to ascertain the price, and then we're going to make the decision on a later day.

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CHAIRMAN RUE: I can certainly speak to the values of -- the four parcels I can't.

MR. PENNOYER: I didn't ask you about those four. We've already decided on those.

CHAIRMAN RUE: Yeah, I know. Do you consider that a friendly amendment, or should we put them -- call a -- go ahead with the motion.

MR. PENNOYER: Well, there's no point in voting on them separately because if it's not a friendly amendment, we probably -- we did not pass it anyway. So I don't -- I guess I hear what you're saying, but I haven't heard that description for any one of these. I mean, there isn't a map; there isn't a discussion of why it's urgent at the moment to do this rather than get the map and talk about it a little bit more.

I mean, I don't have any -- and I'll accept the fact that we'll probably not have a problem with any of these, but it's just the procedure. I'm not sure we want to adopt a procedure that we've already decided that they are going to carried to a negotiating stage of some kind -- and we didn't define it -- based on just a list.

And that is no reflection on you, Deborah, because these are probably all just great, but it's not the procedure I

think the Council ought to adopt in the future.

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1 I don't have any problem going into the appraisal. I  
2 don't have a problem with somebody conducting a free title  
3 search. I mean, sort of like Frank Rue, if you can get it for  
4 free, it's a lot easier to figure out. But getting into the  
5 negotiating process? I don't know about.....

6 CHAIRMAN RUE: Well, I'm not sure where we are  
7 procedurally here. Do you have any other discussion on that?

8 MR. PENNOYER: Let me see if I can get it a little  
9 clearer then. When you say, "start negotiating on these," say  
10 they merit special attention to the point of negotiation, in  
11 other words, you'd say anything that comes in front of us we  
12 should take right up to the point of deciding on a purchase.

13 MR. TILLERY: No.

14 MR. PENNOYER: And where short of that, are you  
15 talking.....

16 MR. TILLERY: No. I think it's preliminary  
17 negotiations, I believe, is what we decided, isn't it with the  
18 original resolution on special consideration?

19 MS. McCAMMON: Mr. Chairman, that's the original  
20 resolution, but it mainly means the title search, the haz-mat  
21 survey. Really, once you get the appraisal, it has to come  
22 back to the Council to approve.....

23 MR. PENNOYER: Negotiations.

24 CHAIRMAN RUE: Further negotiation.

25 MS. McCAMMON: To approve that you want to purchase  
it at that offer. There really is no negotiation on small  
parcels because it's just at appraised value.

MR. TILLERY: I think -- well, but I think all you do

is you basically alert the landowners, say, 'Here's the price<sup>120</sup>  
Is -- do we walk away?' I mean, there was this sense of don't  
bother the Council.....

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MS. McCAMMON: Right.

MR. TILLERY: .....if the guy says forget it.

MS. McCAMMON: Forget it. No way.

MR. TILLERY: And that was -- that's about the extent  
of negotiation. I don't really mean sit down and negotiate.  
Because we aren't really negotiating. We're selling (sic)  
these at fair market value. We're buying these, I mean. We're  
not going appraised value. So that's all it really means.

MR. PENNOYER: If you add the rest of it in there,  
that we're going to reevaluate this process as these appraisals  
come back to us the next time around, then I accept that as a  
friendly amendment.

MR. TILLERY: And I would also move that we  
reevaluate this process the next time these come around.

(Laughter)

MS. WILLIAMS: Fair enough.

CHAIRMAN RUE: Okay. So that was a friendly motion.  
Is there a second to the amendment?

MR. PENNOYER: That's friendly as we get.

MS. WILLIAMS: Friendly second.

MS. BROWN: Second.

CHAIRMAN RUE: Friendly second.

MS. WILLIAMS: Friendly second.

CHAIRMAN RUE: All right.

(Laughter)

CHAIRMAN RUE: Who got the -- did anyone get the

content of the motion?

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MS. McCAMMON: The concept.

CHAIRMAN RUE: The concept of the motion. Okay.

MS. BROWN: Not the content.

CHAIRMAN RUE: Is there any objection?

(No audible response)

CHAIRMAN RUE: Hearing none. Okay. That passes then.

MS. WILLIAMS: Mr. Chairman. I have one small additional small parcel matter. And I'm sorry that I'm bringing it to the Trustee Council's attention at this time, but it's just simply an extension of something we did at our last meeting.

As the Trustee Council recalls, we had a small list at this last meeting of parcels on which we said there could be a waiver for the commensurate conservation easement or the parallel conservation easement if the lead government negotiator certified that execution of the conservation easement would jeopardize the completion of the acquisition.

And I would like to present, for the Council's consideration, a small addition to that list.

CHAIRMAN RUE: All Right.

MS. WILLIAMS: And the addition is a very small addition.

CHAIRMAN RUE: Do you have a map of that?

MS. WILLIAMS: Well, no I don't. This isn't even typed. Look this was typed. This isn't even typed. Here we go. This is for KNA Moose River Selective. And we would move to put the KNA Moose River Selective tract on the small list

that we have developed. That is a very small parcel; it's only 753 acres. And it's selected as opposed to land that has been conveyed, and it's part of, of course, the largish KNA deal that we are seeking to finalize shortly and bring to the Trustee Council in its final form.

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As you recall, the Trustee Council did authorize the expenditure of up to \$4 million for the purchase of certain KNA tracts. If I could explain this. These lands are selected but not yet conveyed and would be relinquished by KNA after they sold their other lands to us in the package deal that we have already authorized. And the reason that we need to do this is, again, this is just really an extreme technicality because this isn't land to which KNA now has title.

We have to do this or else it becomes very complicated from a congressional legislative matter and also complicates the negotiations. And this land they have selected is in refuge status now; it would remain in refuge status. And we would hope that it could be added to this list.

CHAIRMAN RUE: Was that a motion?

MS. WILLIAMS: Yes. I will move.

CHAIRMAN RUE: Okay.

MS. WILLIAMS: That we add KNA Moose River Selective, the 753 acres, to the list of parcels for which waiver of the commensurate conservation easement can occur if the lead negotiator certifies that execution of conservation easement would jeopardize completion of the acquisition.

CHAIRMAN RUE: Okay. Do I hear a second?

MR. PENNOYER: Second for purposes of discussion, but we don't have a quorum.

CHAIRMAN RUE: Go ahead.

MR. PENNOYER: Just for the purpose of discussion.

CHAIRMAN RUE: We can discuss it, I assume, without a quorum. Although I'm not sure.....

MR. PENNOYER: What is the effect, then, of doing that? Are we paying some extra money, or is it just.....

MS. WILLIAMS: No.

MR. PENNOYER: Did this used to be part of this, now we're waiving the.....

MS. WILLIAMS: No. This is just -- as you recall, Steve, Frank had the extremely good idea, which I seconded wholeheartedly, sessions ago, on the small parcels, or medium parcels, that we wanted to make sure that we had those commensurate conservation easements that we had on the large parcels so that if the State did something strange or the federal government did something strange that the other government could still protect the land.

MR. PENNOYER: Okay. This is between governments. Okay. I remember.

MS. WILLIAMS: This is between government conservation easements.

MR. PENNOYER: I just remembered.

MS. WILLIAMS: And we decided that in a couple instances we needed to waive that because it would impair our negotiations or whatever, and so we have a small list. And I just proposed adding this to the list.

CHAIRMAN RUE: Okay. Any further discussion? I guess we may have to take a little at ease here if.....

MR. PENNOYER: Well, Craig.....

CHAIRMAN RUE: Craig's here.

MS. McCAMMON: Here he comes.

MR. PENNOYER: We've got an amendment for you, Craig.

(Simultaneous speech)

MR. WOLFE: I'll go ahead and make my statement now because that's what it is, instead of a question, is that if it is in a refuge such as what we're talking about here, then I have less concern, and there should be less concern for everybody involved in my view.

MS. WILLIAMS: That's correct.

MR. PENNOYER: Okay. So it's already protected by the refuge status.

CHAIRMAN RUE: We have a motion and a second to.....

MS. WILLIAMS: And, Craig, Barry's already discussed this KNA selective land issue with you, I understand.

MR. TILLERY: Oh, to take it out of conservation easement requirement?

CHAIRMAN RUE: Right.

MS. WILLIAMS: Right.

MR. TILLERY: Absolutely. I agree with that.

CHAIRMAN RUE: Okay. We have a motion and a second. Any objection to the motion?

(No audible response)

CHAIRMAN RUE: Good. Hearing none, the motion passes.

MR. PENNOYER: Do you think I could I get away with moving we recess, or do you think I'd.....

(Laughter)

CHAIRMAN RUE: You've used that ploy once too often.

MR. PENNOYER: I move we adjourn.

1 MS. WILLIAMS: Although, one moment, Molly. What do  
2 we anticipate in terms that we may have a short carry-forward  
3 meeting.

4 CHAIRMAN RUE: Turn around here. Do we need to  
5 recess?

6 MS. McCAMMON: Okay.

7 MR. PENNOYER: I table my motion.

8 MS. McCAMMON: I think we are going to need probably  
9 a meeting in about ten days. And in addition, I do have on the  
10 list, I wanted to mention June 15th real quickly, too, to those  
11 of you. So.....

12 MS. WILLIAMS: Molly, do you recommend that we recess  
13 as opposed to adjourn?

14 CHAIRMAN RUE: In case we need to deal with land.

15 MS. McCAMMON: I don't think it really matters, but  
16 you still need six people either way.

17 CHAIRMAN RUE: Right. Do we need a different public  
18 notice or anything?

19 MS. WILLIAMS: Does it affect public comment, et  
20 cetera?

21 MS. McCAMMON: Well, maybe in that case.

22 CHAIRMAN RUE: I don't mind if we recess. That's  
23 fine.

24 MS. BROWN: Yeah, we've got the tabled motion and the  
25 two negotiations.

MS. WILLIAMS: Yes.

CHAIRMAN RUE: Yeah.

MS. McCAMMON: Okay. Why don't we recess?

CHAIRMAN RUE: Okay.

MS. WILLIAMS: Recess. I move that -- oh, but Molly  
1 wanted to say something about.....

MS. McCAMMON: Okay. I had one more thing. And  
2 Rebecca will call around, and we'll probably do it by  
3 teleconference and -- because I don't think we can get everyone  
4 face to face for at least three weeks again.

CHAIRMAN RUE: Okay.

MS. McCAMMON: So it will probably be by  
5 teleconference.

CHAIRMAN RUE: Okay.

MS. McCAMMON: But I did want to mention June 15th  
6 because what I would like to propose to the Council is that on  
7 June 15th, the Council have a field trip/public hearing/public  
8 meeting in Kodiak. And the schedule that we propose is that on  
9 the morning of June 15th, which is a Saturday, that we fly down  
10 from Anchorage and fly over the AJV and Shuyak lands. And what  
11 we've been talking to Fish and Wildlife Service about is using  
12 their goose to fly down with.

So spend the morning doing that. There's couple of  
13 events happening that day, the ground-breaking of the Fish Tech  
14 Center. Senator Stevens is going to be in town; the Borough  
15 would like to have a reception at the Alutiiq Museum. All  
16 these events would occur from approximately noon until 5:00.  
17 We could have a public meeting/hearing at something like 5:00  
18 to 6:30 that evening and give the community the chance to just  
19 speak on anything before the Council.

And at this point, I don't think we have any real --

have any Kodiak kind of items that are pending, but if there are, that would be a good time to take care of them. But.....

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CHAIRMAN RUE: Okay. So that's a heads-up. You'll be trying to organize that?

MS. McCAMMON: Yeah, if that sounds.....

MS. WILLIAMS: Could we come back that evening?

MS. McCAMMON: You could come back that evening, yes. I think there's a 10:00 o'clock flight. So you could do the whole thing in a day.

MR. PENNOYER: I'll be in Florida, but somebody will go for me.

CHAIRMAN RUE: Okay. Great. Is that all you have?

MS. McCAMMON: Yes.

CHAIRMAN RUE: Thank you very much, Molly. Good job, as usual. Was there -- are we in recess?

MR. PENNOYER: I already moved we recess. I got away with it.

(Laughter)

CHAIRMAN RUE: We'll get you. You'll pay. You'll pay.

MS. WILLIAMS: Oh, boy, we're out of here.

(Whereupon, the proceedings in the above-entitled matter were recessed at 5:16 p.m)