

Exxon Valdez Oil Spill Trustee Council

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2016 Annual Financial Report on the Fiscal Year 2015

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Since its inception in 1991, the *Exxon Valdez* Oil Spill Trustee Council (Council) has worked in three major areas: Restoration, Habitat, and Administration. In late 2012, the Council authorized a shift of its administrative fiscal year from the federal October 1st start date to a February 1st cycle. To that end, FY13 was a transition period, with a 16-month fiscal year. The following is a general guide to the activities included under these headings.

Restoration, Research, and Monitoring

Restoration forms the core mission of the Council. Spending in this area includes hundreds of scientific research projects that address a broad variety of subject areas. Surveys and other monitoring of fish and wildlife in the spill region provide information to determine population trends, productivity, and health. Research increases knowledge of the biological needs of individual species and how each contributes to the Gulf of Alaska ecosystem. This work also provides new information and better tools for effective management of fish and wildlife and is used to study the long-term impact of hydrocarbon exposure on affected species. The Council's support has developed modeling, surveys, mapping of lingering oil and furthered science in the spill area. General restoration includes projects to protect and improve archeological, subsistence and recreational resources. Restoration has also been pursued in 2015 through projects such as Kenai Peninsula fish passage enhancement in coordination with ongoing road improvements, waste disposal facilities, and other pollution prevention activities, and restoring seabird colonies by controlling predators.

Public outreach is an integral part of Restoration and may include public meetings, exhibits, reports, films, lectures, scientific symposiums, publications and outreach by individual projects and through Council office activities.

Restoration expenses include and overlap with Scientific Management, Public Information, and Administration for management of restoration efforts, such as staff

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support, data management; scientific meetings, oversight and management; project planning and development; public outreach efforts and publications. For these reasons, delineating spending among these categories is somewhat subjective.

Research, Monitoring, and General Restoration costs are expended through the Research Investment Sub-Account of the Investment Trust Fund.

The EVOSTC Habitat Program includes habitat enhancement and protection. Habitat Enhancement work protects and enhances spill area ecosystems that support EVOS-affected resources and services through active restoration activities. Together with strategic habitat protection, as described further below, these active restoration initiatives address habitat fragmentation and degradation. Examples of habitat enhancement activities in FY2015 include removing barriers to fish passage and to improve access to miles of important fish spawning and rearing habitat, and pollution prevention activities. Enhancing natural resources yields benefits to EVOS-affected services such as recreation, subsistence and commercial fishing. Current habitat enhancement projects include initiatives in which multiple state and federal agencies collaborate on multi-year projects with efficient leveraging of existing agency and third-party resources. These projects often add value to previous EVOSTC investments by improving habitats associated with parcels protected earlier for their habitat value. Council funding also often stimulates additional funding from other sources. Habitat enhancement and restoration has been pursued through projects such the Kenai Peninsula fish passage enhancement in coordination with ongoing road improvements.

Funding the protection of priority ecosystems in the spill area has provided the Council with a lasting legacy which supports the species and ecosystems injured by the spill. Habitat protection is a restoration activity used in natural resource programs across the country. These lands are acquired for their habitat qualities as well as their importance for subsistence and recreational use. In the EVOS spill area, these efforts include protection of both small and large parcels to prevent additional injury to species due to loss or degradation of habitat and may also allow public access for subsistence and recreation activities. The Council accomplishes this by providing funds to government agencies to acquire title or conservation easements on land that has been determined to be high-value habitat and prioritized as important for the restoration of resources affected by the spill.

The spending in this area is attributed to habitat enhancement projects and the actual cost to identify and protect habitat. Other expenses in this area include staff support, due diligence costs, NEPA reviews, habitat purchase negotiation support, and data

management. These costs can overlap with the other categories described in this document.

Administration, Science Management, and Public Information

This component of the budget includes annual program implementation, development and management of the Council’s habitat, and science programs. It also includes scientific oversight of research, monitoring and restoration projects, project planning and management, data management, scientific meetings and symposiums.

Administrative spending includes Council office staff, designated trust agency staff, infrastructure costs, agency coordination, and other contractual and administrative overhead. It also includes the cost of public meetings, publications and other means of public outreach, and the support and administration of the Council’s Public Advisory Committee.

Administrative costs were higher for this reporting period due to the release of funding for The Cordova Center (<https://www.cordovachamber.com/the-cordova-center/>).

Administration, Science Management, and Public Information costs are expended through the Research Investment Sub-Account of the Investment Trust Fund.

2016 Annual Report: How the Settlement Has Been Used

The following accounts for how settlement funds have been used (in millions) as of **January 31, 2016** (The year ending January 31, 2016 and referred to below is FY15):

Total Revenue	\$1,089.7
Exxon Payments.....	\$900.8
Settlement Fund Interest/Earnings (Minus Fees & Losses / Plus Earnings) ¹	\$188.9
Reimbursements for Damage Assessments & Response	\$216.4
Governments (includes Litigation & Clean-up).....	\$176.5
Exxon (Clean-up during 1991 and 1992).....	\$39.9
Research, Monitoring & General Restoration (FY92 – FY15)	\$225.1
FY92 - FY14 Work Plans –Restoration Program Projects.....	\$220.8

¹ This value is the cumulative sum of interest (earnings and losses) and recoveries, minus fund management fees and adjustments, from the inception of the Investment Fund to January 31, 2016. Because sometimes investments incur losses, this value may be lower than the cumulative sum reported in the previous year.

FY15 Work Plan –Restoration Program Projects.....\$4.3

Habitat Protection (FY92 – FY15) **\$416.2**

FY92 - FY14 Parcel Acquisitions..... \$365.8

FY15 Parcel Acquisitions.....\$14.8

FY03 – FY14 Koniag Conservation Easement.....\$6.1

FY12 - FY14 Habitat Enhancement Projects.....\$3.4

FY15 Habitat Enhancement Projects\$0.1

FY92 - FY14 Due Diligence & Trust Agency Habitat Support Activities.....\$25.3

FY15 Due Diligence & Trust Agency Habitat Support Activities.....\$0.7

Administration, Science Management, & Public Information (FY92 – FY15) **\$86.4**

FY92 - FY14 Annual Program Development & Implementation.....\$83.4

FY15 Annual Program Development & Implementation.....\$3.0

Investment Trust Fund Balance (as of January 31, 2016) **\$189.8**

Research Investment Sub-Account.....\$93.5

Habitat Investment Sub-Account.....\$96.3

Previously allocated, lapsed, unencumbered funds and any interest earnings on the joint trust funds are reallocated by the Council. This practice ensures the funds are spent efficiently, but also contributes somewhat to the ambiguity regarding spending totals, as it is difficult to track re-allocations by line item within state and federal agency budget records. To date the Council has reallocated approximately \$44.2M.