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July 15 1994

Exxon Valdez Oil Spill Trustee Council
645 G Street, Suite 401
Anchorage, Alaska 99501-3451

Gentlemen:

Thank you for an opportunity to comment on the Draft Exxon Valdez Oil Spill Restoration Plan and related Draft Environmental Impact Statement. As you are aware, I have been a strong proponent of committing dollars from the EVOS civil settlement to establish a reserve to provide for long-term research and monitoring activities. I applaud your attempt to begin establishment of a reserve to fund such activities by including a \$12 million restoration reserve in the FFY94 work plan.

During public testimony on the Draft Exxon Valdez Oil Spill Restoration Plan, there was a great deal of public testimony which called for setting aside sums for long-term restoration, research and monitoring. It is my understanding that approximately two-thirds of the commenting public supported some kind of endowments or reserves. I feel the draft restoration plan as it currently exists simply fails to adequately respond to previous and current public testimony.

I propose inclusion in the final Restoration Plan of "The Proposed Action Modified Alternative 5: Comprehensive Restoration Proposal 5" which calls for some \$100 to \$130 million to be placed in a Restoration Reserve. Attached you will find a copy of Federal Trustee George T. Frampton, Jr.'s response to my earlier letter to Secretary of the Interior, Bruce Babbitt, regarding the need for establishing a long-term approach to restoration and research for the spill area. I am very pleased with the letter as I feel it responds to the long-term needs of the Prince William Sound area.

Thank you for an opportunity to once again offer input to the EVOS process.

Sincerely,



Arliss Sturgulewski

Enclosure

2 Alternatives

7
7

Five

The Proposed Action Modified Alternative 5: Comprehensive Restoration

This represents a modification of the Alternative 5 shown in the Draft Exxon Valdez Restoration Plan Summary of Alternatives for Public Comment (EVOS Trustee Council, April 1993). Alternative 5 is the broadest in scope of the proposed alternatives. This alternative will help all injured resources and the services they provide within the spill area and, under specific circumstances, in other parts of Alaska. Unlike Alternatives 3 and 4, this alternative will allow actions to aid resources that have already recovered, as well as those that have not. Actions likely to produce some improvement over unaided recovery will be allowable under this alternative. Habitat Protection is the largest part of this alternative. Alternative 5 also allows for expansion of current human use and allows for appropriate new uses through the restoration of natural resources. Monitoring and Research will be at the highest levels in this alternative.

Alternative 5 contains an element not present in the other alternatives. In response to public comments that a fund should be set aside for long-term restoration and research activities, the proposed action includes the establishment of a Restoration Reserve.

Policies

- Restoration activities may be considered for any injured resource.
- Restoration activities will occur primarily within the spill area. Limited restoration activities outside the spill area, but within Alaska, may be considered under the following conditions:
 - 1) when the most effective restoration actions for an injured migratory population are in a part of that population's range outside the spill area, or
 - 2) when the information acquired from research and monitoring activities outside the spill area will be significant for restoration or understanding injuries within the spill area.
- Restoration activities will emphasize resources that have not recovered.
- Resources may be enhanced, as appropriate, to promote restoration. Restoration projects may not adversely affect the ecosystem.
- Projects designed to restore or enhance an injured service:
 - 1) must benefit the same user group that was injured, and
 - 2) should be compatible with the character and public uses of the area.

Assumptions Used for Impact Assessment

Of the remaining balance of approximately \$620 million, it is assumed for purposes of this analysis that approximately \$295 to \$325 million will be used for Habitat Protection and Acquisition, \$65 to \$100 million will be used for General Restoration, \$130 to \$165 million will be used for Monitoring and Research, \$20 to \$35 million will be used for Administration and Public Information, and \$100 to \$130 million will be placed in a Restoration Reserve.

account. This does not represent a commitment of actual resources, but is illustrative only for purposes of analysis.

Typical Actions Assumed Under Alternative 5

Habitat Protection and Acquisition

Habitat Protection and Acquisition may include purchase of private land or interests in land such as conservation easements, mineral rights, or timber rights. Different payment options are possible, including multi-year payment schedules to a landowner. Acquired lands or other actual rights would be managed to protect injured resources and the services they provide. In addition, cooperative agreements with private owners to provide increased Habitat Protection are also possible.

At this time, we do not know what the cost of various levels of protection will be at fair market value. For purposes of analysis in this alternative, we are assuming one end of the range of protection possibilities is that all parcels shown in Figures 2-1 through 2-3 would receive some level of protection. The other end of the range assumes that since fair market value and the actual rights negotiated will vary widely, not all parcels could be protected. This assumed smaller range of parcels is shown in Figure A-1, Appendix A. The specific benefit that would accrue for each resource and the services they provide for each parcel is shown in Table A-1, Appendix A.

General Restoration

Marine Mammals

- Cooperative programs with subsistence users
- Cooperative programs with fishermen
- Reduce disturbance to harbor seals

Subsistence Uses

- Food testing

Fish

- Salmon egg incubation boxes
- Net pens
- Hatchery rearing
- Nutrient enrichment
- Fish migration corridor improvements (blockage removal and fish passes)
- Habitat improvements (spawning channels, etc.)
- Relocation of hatchery runs
- Create new fisheries (sport, subsistence, and/or commercial)
- Enhance or create replacement runs (sport, subsistence, and/or commercial)
- Enhance existing runs of uninjured pink and sockeye salmon

Birds

- Predator control - 2 islands have been identified
- Clean mussel beds - 60 potential sites have been identified in Prince William Sound

2 Alternatives

Reduce disturbance to common murre
Reduce disturbance to pigeon guillemots

Recreation/Tourism

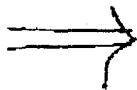
Improve existing recreation opportunities
Stabilize existing recreation opportunities
Create new recreation opportunities
Promote public land recreation use

Intertidal Resources

Transplant *Fucus* (seaweed)
Mariculture clams

Archaeology

Salvage sites - 24 sites have been identified
Implement site stewardship program
Preserve sites (stabilize)
Acquire replacement artifacts



Restoration Reserve for future restoration needs

Other Alternatives Considered and Rejected

An alternative that consisted only of natural recovery monitoring was considered but rejected from detailed consideration. This alternative was similar to Alternative 1 except that some of the settlement funds would be spent on monitoring the recovery of the resources. This aspect of the alternative is contained in the other alternatives and did not require a new alternative.

Comparison of Alternatives

Table 2-1 identifies and compares how each of the proposed alternatives addresses the five restoration issues posed in Chapter 1. Alternative 1 is not included because it would have a very limited effect on these issues. The alternatives cannot be rank-ordered as to their relative effectiveness because this judgment is tied to the values assigned to the issues.

Each alternative in the Draft Restoration Plan is structured to give varying degrees of emphasis among four categories of activities: (1) Habitat Protection and Acquisition; (2) General Restoration; (3) Monitoring and Research; and (4) Administration and Public Information. The no action alternative (Alternative 1) does not contemplate any activities in the categories above and beyond normal agency management actions.

The comparative emphasis on categories of actions for Alternatives 2 through 5 as illustrated by the variations in budget emphasis is shown in Table 2-2. The essential variation among the alternatives has to do with the balance between Monitoring and Research, Habitat Protection, and General Restoration activities. Alternative 2 principally consists of Habitat Protection with no restoration activities. Alternative 4 places the greatest emphasis on

2 Alternatives

Alternative 5 represents a modification from that shown in the Draft *Exxon Valdez* Restoration Plan Summary of Alternatives for Public Comment (EVOS Trustee Council, April 1993).

Table 2-2
Comparative Budget Emphasis of Restoration Categories by Alternative

Category	Projected Budget (in millions of dollars)				
	Alternatives				
	1	2	3	4	5
Administration & Public Information	\$0	\$25	\$37	\$43	\$20-35
Monitoring & Research	0	31	43	50	130-165
General Restoration	0	0	75	217	65-100
Habitat Protection	0	564	465	310	295-325
Restoration Reserve	0	0	0	0	100-130
Reimbursements	25-35	25-35	25-35	25-35	25-35

Note: Reimbursements are determined by the governments; not the Trustee Council and therefore are not part of this analysis.

This table does not reflect the interest earnings that will accrue to the various balances over the payment period and be available for Trustee Council expenditures.



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

May 9, 1994

Arliss Sturgulewski
3301 C St., Suite #520
Anchorage, AK 99503

Dear Ms. Sturgulewski:

This is in response to your letter of August 3, 1993, to Secretary Babbitt regarding an endowment to study the long-term effects of the *Exxon Valdez* oil spill (EVOS) on natural resources in southcentral Alaska. As the Interior Department representative on the EVOS Trustee Council, I have been asked to respond to your letter.

I would like to thank you for enclosing material on the Public Advisory Group (PAG) recommendation to establish an endowment and for the proposal from the University of Alaska to create the *Exxon Valdez* Marine Research Endowment. These recommendations were particularly helpful during the consideration of the 1994 work plan.

Based on scientific information received to date, the Trustee Council has concluded that complete recovery of the injured natural resources is not expected to occur before the final settlement payment in the year 2001. In particular, some populations of injured fish and seabird species may require several generations to reach pre-spill population levels.

In order to promote the recovery of the injured natural resources, the Department of the Interior supports a balanced and comprehensive restoration plan for the spill zone which would fund research and monitoring, general restoration and habitat acquisition. Because of the importance of this ecosystem to Alaska and the nation, the Department supports a long-term research and monitoring effort -- beyond the year 2001 -- to help scientists, policy makers and the general public understand the impacts of the oil spill as an important component of the restoration program. A long-term commitment to research and monitoring will also help assess the progress of the restoration effort and guide future restoration projects. In addition, the Department supports the acquisition of important wildlife habitat, which, in many cases, is the best means available to help injured species achieve pre-spill population levels.

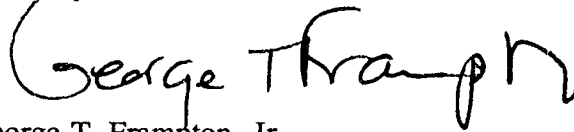
To implement a research and monitoring effort beyond the year 2001, the Trustee Council recently approved \$12 million to establish the *Exxon Valdez* Restoration Reserve. Setting aside these funds will serve as the initial installment to the restoration reserve. To meet the research, monitoring and restoration requirements beyond the year 2001, the Trustee Council will consider additional annual installments in the reserve in future work plans, subject to the adoption of a final restoration plan and environmental impact statement. Over the course of

the settlement period, the Trustee Council could provide substantial funds for the restoration reserve. At some future date, the Trustee Council would utilize the endowment to fund restoration activities, with a focus on research and monitoring activities. The Department and the other federal trustee agencies are currently working with the Alaska Department of Law to implement the reserve.

In addition to the restoration reserve, the Department of the Interior is committed to a strong research and monitoring effort in future annual work plans. To carry out this commitment, the Trustee Council approved \$11.9 million to fund research and monitoring activities during fiscal year 1994. These research and monitoring activities are an important part of a balanced and comprehensive restoration approach.

I appreciate your input on this issue. Your recommendations and the advice from the Public Advisory Group have helped shape the Department's decisions on this issue.

Sincerely,

A handwritten signature in black ink that reads "George T. Frampton, Jr." The signature is written in a cursive style with a large initial "G" and a long, sweeping tail on the "n".

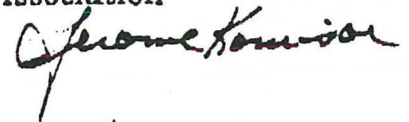
George T. Frampton, Jr.
Assistant Secretary for
Fish and Wildlife and Parks

July 7, 1993

TO: Members of the Exxon Valdez Oil Spill Public Advisory Group

FROM: Ken Adams, Prince William Sound Aquaculture Corporation
Ron Dearborn, Regional Marine Research Board
Bill Hall, Prince William Sound Aquaculture Corporation
Theo Matthews, United Cook Inlet Drift Association
Jerome Koinisar, University of Alaska
Arliss Sturgulewski

SUBJECT: Establishment of a Marine Research Endowment



On June 16, 1993, the six authors of this memorandum met to discuss the urgent and compelling need to initiate and maintain long-term studies of the coastal ecosystem and resources adversely impacted by the Exxon Valdez Oil Spill (EVOS).

Given the extended time it takes for coastal ecosystems to rebound after disasters, the need for long-term studies is evident. If there is any doubt about this one need only recall the experience of the massive earthquake that struck the Prince William Sound region in 1964. The ecological succession in the marine system triggered by that disaster was still proceeding when the Exxon Valdez catastrophe took place 25 years later.

The only way to ensure that essential long-term studies are conducted is through the establishment of a permanent endowment for that purpose. Although each of us would have written this letter somewhat differently, and there needs to be much more work given to the details of the proposal, this memorandum is submitted by the six of us.

We ask that the **Exxon Valdez Oil Spill Public Advisory Group** strongly support the establishment of a **Exxon Valdez Marine Research Endowment**. This Endowment would be created through the investment of a significant portion of the revenues from the \$900,000,000 civil settlement. The Endowment's earnings would be used to support long-term basic and applied research.

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The purposes of the Endowment would be to:

1. Provide for the development of a comprehensive research plan that would serve to maximize the use of research funding by ensuring coordination of the research projects supported by the Endowment and by coordinating, as far as is possible, Endowment supported research with research supported from other sources.
2. Provide funding for research projects that serve to implement the terms and purposes of the Federal/State Memorandum of Agreement (MOA) with respect to natural resource damage recovery in the EVOS area and in accordance with the Endowment's comprehensive research plan.

The goals of the research projects supported by the Endowment would be to:

1. Provide a complete understanding of the coastal ecosystem of the EVOS impacted area and, derivatively, Alaska's coastal ecosystems in general. This is an essential first step if the public is going to be able to ensure the natural quality and productivity of the region over the centuries. Alaskans were unprepared to adequately assess the damage caused by the Exxon Valdez spill or to put into place mitigating programs because of insufficient baseline information. Alaskans should never be in that position again.
2. Support the research necessary to improve our understanding and management of the EVOS area fisheries.
3. Support the research in critical habitat in the EVOS area necessary to preserve the mammalian, avian and piscine populations.

A full understanding of the impact of the Exxon Valdez Oil Spill areas ecosystem including the State's most productive fisheries cannot be obtained over the ten year payment cycle framed by the civil settlement. Long-term studies of the coastal system require decades not years. The continuum of study required to meet the objectives of the settlement necessitates the establishment of a research endowment fund, the earnings of which would be used to fund research projects far into the future.

We propose that the *Exxon Valdez Marine Research Endowment* be established over the course of the next eight years, by encumbering \$30,000,000 per year from the civil settlement for immediate and long-range research. We propose that about \$7,000,000 be used in each of the eight years, with the remaining \$23,000,000 being placed in a restricted account to form a permanent endowment. After the first eight years, when the Endowment's principal would be approximately \$184,000,000 plus earnings, the research program would be supported by the earnings from the permanent endowment.

These Endowment funds would be held and invested by the University of Alaska Foundation according to the standards followed in investing the Foundation's other restricted funds. The UA Foundation has an excellent track record in managing investments -- out performing other State investments to a significant degree. Management fees would be limited to the commercially competitive rate, and earnings from the fund would be used exclusively to support the purposes of the Endowment.

The Endowment will be governed by a Board of Trustees. Members of the Board would represent the interests of Alaska's people, particularly those residing in the EVOS area, and it would be composed of people representing conservation and utilization of the natural resources in the EVOS area.

The Board of Trustees would be responsible for defining research needs and developing the comprehensive marine research plan within the context of the EVOS settlement agreement. As part of the development of the plan, the governing board will include regional research plans developed by regional fisheries research boards. These regional fishery research boards could be organized around the existing regional planning teams established pursuant to AS 16.10.375, expanded to include other interests.

The Trustees, in turn, would submit the proposed projects for independent peer review in order to receive information on their merit and relevance to the comprehensive research plan. The Board of Trustees would select for funding only those research proposals that are determined to be most responsive to the needs and goals of the plan.

Research proposals will be accepted from all sources including employees and units of federal and state government. Among the publicly supported units would be the University of Alaska, the Alaska Department of Fish and Game and the Qualified Regional Aquaculture Associations formed under AS 16.10.380.

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As you can tell, much more thought has to be given to the structure of the Board, its composition, and the selection and appointment of Trustees. Greater attention must also be given to the management of the Endowment in terms of ensuring that the interests of the public and the terms of the MOA are considered in the Board's deliberations. With the strong support of the Public Advisory Group for the concept, these details will be worked out.

The importance of establishing an *Exxon Valdez Marine Research Endowment* cannot be overemphasized. Studies of coastal ecosystems necessary for the restoration of marine resources take far more time than would be available if we have to stay with the remaining eight year horizon of settlement payments. Eight years, in regard to coastal biology, is a very short time, and short-term studies alone cannot do justice to the enormous value of Alaska's coastal legacy.

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cc: Exxon Valdez Oil Spill Trustees

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**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

**Public Meeting on Draft Spill Restoration Plan &
Environmental Impact Statement**

July 20, 1994
7:00 p.m.

PRESENT:

In Anchorage:

ROD KUHN	EIS Project Manager, U.S. Forest Service
BOB LOEFFLER	Restoration Specialist, Alaska Department of Environmental Conservation
MS. L.J. EVANS	Public Information Officer, Trustee Council

OTHERS IN ATTENDANCE in Anchorage/via teleconference

MS. CARYL BOEHNERT
MS. ARLISS STURGELEWSKI
MR. AZUYAK (teleconference, Old Harbor)
MS. TABATHA GREGORY, Alaska Center for the Environment
MR. GREG PETRICH, Alaska Rain Forest
MS. PAMELA BRODIE, Sierra Club
MS. AIMEE BOULANGER, Sierra Club
MR. TIM BRISTOL
ERIC FRY, Seward Phoenix Log (teleconference, Seward)
CORDOVA LEGISLATIVE INFORMATION OFFICE (LIO)
SEWARD LEGISLATIVE INFORMATION OFFICE (LIO)
OLD HARBOR LEGISLATIVE INFORMATION OFFICE (LIO)

S U M M A R Y O F P R O C E E D I N G S

(On Record 7:06 p.m.)

Mr. Kuhn and Mr. Loeffler gave brief presentations to explain the Draft Restoration Plan and Draft Environmental Impact Statement. Participants were told that the proceedings were being recorded verbatim by a court reporter. Questions and comments were encouraged.

Comments from Mr. Azuyak in Old Harbor:

MR. Azuyak had questions about the relationship between the EVOS and the recent outbreaks of red tide. There is concern that the oil spill may have lowered the immune system of shellfish. Mr. Azuyak asked if there was an opportunity for the Trustee Council to study this. He was told that if a link to EVOS injured species was determined it would be possible. Mr. Kuhn recommended that he discuss the possibilities when hearings are held for the 1995 work plan.

Summary of the Testimony from Ms. BOEHNERT in Anchorage.

Although Ms. Boehnert complimented the Trustee Council staff for their professionalism and willingness to work with the public, she was very concerned about the way the whole Trustee process now is being viewed in many communities. The concerns focused on the length of the process and that if you stretch out the process long enough, and have

enough comment periods and hearings, the people will get so sick and tired of it that they will go away and let the decision makers to do what they want with the money. Now there does appear to be a process in place, and *"we really need action and proof that things are happening and the money isn't just being frittered away by the process."*

Ms. Boehnert stated an additional concern that in spite of all the comments given on alternatives, the preferred alternative (alternative 5) was decided without consideration of the public's preference. *"My sense is: a) why offer us alternatives, unless we have the power to change your mind, and b) I want to be on record that I don't like alternative five."*

The reasons given for being opposed to Alternative 5 include: it has the least amount of any alternative allocated to habitat acquisition and; the reserve fund. The reserve fund constitutes *"a honey pot for future generations of bureaucrats to feed off of, and it really is very disturbing that we're dumping so much money into it"*. Ms. Boehnert would prefer most of the money dedicated to habitat acquisition and the rest to science *"but, frankly, no more money to bureaucrats and no more money to a lot of administrative detail"*.

Finally, she is concerned about the trend of the Trustee Council staff to assume that only the highest priority parcels of land should be acquired. This goes against the latest scientific evidence that

habitat needs to be protected in large continuous blocks. Picking only the highest priority parcels will result in fragmented habitat.

Comments from MS. STURGELEWSKI (Also submitted a letter for the record):

Ms. Sturgelewski is basically in support of the final Restoration Plan of the proposed action modified alternative five. She was delighted to see the establishment of the reserve fund. She has been a long-time proponent of establishing a reserve to provide for long-term monitoring and research activities. It has been frustrating that it has taken so long to be established; due, in part, of a lack of consensus among the Trustees and to a great deal of emphasis based on what the Department of Justice would say.

Ms. Sturgelewski is pleased that the science is moving more towards and ecosystem approach, but stated that "*there really has not been a spelling out of any comprehensive research plan, and I think that's needed...*" She would like to see what is going to be accomplished, and how the bits and pieces all fit together over the long-term with a peer review process built in to ensure good science.

Mr. Loeffler responded that steps are currently being taken to provide the type of comprehensive package that Ms. Sturgelewski is interested in seeing.

Summary of comments from Ms. GREGORY, speaking for the Alaska Center

for the Environment.

"In summary, we applaud the Council's acquisition of the Seal Bay area on Afognak Island, and land at Kachemak Bay. We recommend at least five hundred million of the remaining money go to habitat acquisition, the longest lasting, most assured solution for restoring wild populations, and that the Council use a comprehensive approach in evaluating and purchasing parcels. Thank you for this opportunity..."

Summary of the Testimony of Mr. Petrich, Alaska RainForest Campaign:

The Alaska Rain Forest Campaign, is a coalition of conservation groups that are dedicated toward preserving the forest lands in Alaska. The organization has basically endorsed spending five hundred plus million on habitat acquisition, and we feel that this is the most effective method of restoring injured resources and species, and the most lasting benefit to the public. *"We're concerned that some of the lands that have been identified in this process, earlier on, have subsequently been lost because of the amount of time that it's taken to pursue these deals."* Examples include Two Moon Bay, Fish Bay, and Dolphin Point. The log transfer site at Two Moon Bay has caused *"a very visible cloud siltation that bleeds out into the ocean. The Forest Practices Act has failed in this particular instance to protect those resources."* You've got a very graphic example of the marine reaction to the loss of habitat.

Emphasize the acquisition of large parcels and of parcels that connect large protected areas; he specifically mentioned Port Fidalgo, Whalen Bay and some of the selected Tatitlek Native Corporation lands. These provide corridors for many species. In addition, Mr. Petrich would *"like to see some weight given to game species which were not necessarily directly injured by the spill, such as Sitka black-tailed deer, bear, goat, species that use these areas and migrate between them."*

Mr. Petrich has been complimentary of the Trustee's actions in the past as far as the work on Kachemak and Seal Bay, in particular the Restoration Team, they did it fast and they got the job done. Now there are too many decisions and discussions being made in executive session and *"it is a guessing game for the public as to what's going on"*. When it comes to *"final negotiations, I think that we're going to have to insist that a lot of that is done in the public view because we want people who are accountable to be, you know, judged on their efforts in this area"*.

Comments from Ms. Brodie, as an individual - not representing Sierra Club.

Ms. Brodie had hoped to see a discussion of impacts of the various kinds of general restoration projects that might be funded. The list of general restoration projects includes things that can cause harm as well as benefits, but the assumption seems to be that the impacts

of general restoration will only be good, and not bad. "And, the corollary to that is there does not seem to be any investigation of what happens...if the Trustees don't buy some wildlife habitat and then that habitat is logged..."

Mr. Kuhn provided an explanation of how the No Action alternative contains the assumption that habitat will be logged; thus, the remaining alternatives show the difference between the No Action condition and the habitat that could be acquired in the alternative. Mr. Kuhn further explained that this DEIS is a programmatic document and that further NEPA will look at site specific proposals. These further analyses will discuss in detail the potential negative, and positive impacts.

Ms. Brodie asked for clarification of why the benefit for wilderness would be greater in Alternative 5 than in Alternative 2 where more habitat would be protected. This brought out a discussion between Ms. Brodie, Mr. Kuhn and Mr. Loeffler. It was pointed out that the distinction between designated Wilderness areas and Wilderness Study Areas were not always clearly separated from wilderness attributes (values).

There were no further comments. Please review the full transcripts for greater detail or clarification.

(Off Record 8:22 p.m.)

E N D O F P R O C E E D I N G S