

DEPARTMENT OF THE INTERIOR



Restoration Program

Assessment & Restoration Program

Fiscal Year 2006 Budget Justifications

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NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION PROGRAM

GENERAL STATEMENT

Overview of 2006 Budget Request:

The mission of the Natural Resource Damage Assessment and Restoration Program (Restoration Program) is to restore natural resources injured as a result of oil spills or hazardous substance releases into the environment. In partnership with other affected State, Tribal, and Federal trustee agencies, damage assessments provide the basis for determining the restoration needs that address the public's loss and use of these resources.

As authorized by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund), the Clean Water Act (CWA), and the Oil Pollution Act of 1990 (OPA), injuries to natural resources that the Department of the Interior manages or controls are assessed, and appropriate restoration projects are identified in contemplation of negotiated settlements or legal actions (in rare cases) with potentially responsible parties. Recoveries, in cash or in-kind services, from the potentially responsible parties are then used to finance or implement the restoration of the injured resources, pursuant to a publicly reviewed restoration plan.

The Restoration Program Office manages the confluence of the technical, ecological, biological, legal, and economic disciplines and coordinates the efforts of six bureaus and three offices to accomplish this mission. The Program has a nationwide presence encompassing nearly the full span of natural and cultural resources for which the Secretary has trust responsibility. Each bureau has its unique natural resource trusteeship and brings its expertise to bear on relevant sites. The Restoration Program is a truly integrated Departmental program, drawing upon the interdisciplinary strengths of its various bureaus and offices.



The **Bureau of Indian Affairs** administers and manages over 55 million acres of land held in trust by the United States for American Indians, Indian Tribes, and Alaska Natives and provides assistance to 562 federally recognized tribal governments to help protect water, natural resources and land rights.



The **Bureau of Land Management** administers 262 million acres of land, located primarily in 12 western states, sustaining the health, diversity, and productivity of these public lands for the use and enjoyment of present and future generations.



Working primarily in the western states, the **Bureau of Reclamation** seeks to protect local economies and preserve natural resources and ecosystems through the management and effective use of water resources.



The **U.S. Fish & Wildlife Service** conserves, protects and enhances fish, wildlife, and plants and their habitats and manages the 95 million acre National Wildlife Refuge System for the continuing benefit of the American people, providing primary trusteeship for migratory birds and threatened and endangered species.



The **National Park Service** preserves unimpaired the natural and cultural resources and values of the 84 million acre national park system and conserves the scenery and the natural and historic objects and the wildlife of the park system for the enjoyment, education, and inspiration of current and future generations.

In addition to the five trustee bureaus, the U.S. Geological Survey, the Office of the Secretary, and the Office of the Solicitor play key roles in making the Restoration Program a fully integrated Departmental program. The Office of the Solicitor provides legal advice, USGS provides technical scientific support, and the Office of Policy Analysis provides economic expertise to the Program at both the national policy and the individual case management levels. The Office of Environmental Policy and Compliance provides regional coordination support as well as a link to response and remedial activities associated with oil or chemical releases.

The Departmental trustee bureaus conduct every damage assessment and restoration case in partnership with co-trustees, and all restoration plans must undergo public review and be approved by affected State and Tribal governments. The Restoration Program serves as a model of implementation of the Secretary's 4C's (Conservation through Consultation, Cooperation, and Communication) in its day-to-day operations and partnerships that have been developed with Tribal, State, and other Federal co-trustees, as well as with non-governmental conservation organizations and industry.

All activities within the Restoration Program support the Department's Resource Protection Strategic End Outcome Goal No. 1.2, Sustain Desired Biological Communities on DOI - Managed and Influenced Lands and Waters. Specifically, Program activities support Strategy 1 – **Create Habitat Conditions for Desired Communities to Flourish** by restoring habitats that have been injured by releases of oil or hazardous substances.

The Restoration Program requests \$6,106,000 in current appropriations for Fiscal Year 2006. The 2006 budget request for direct appropriations represents an increase of \$369,000 over the

2005 enacted appropriation of \$5,737,000. Within the requested level is \$217,000 for restoration science, \$61,000 for maintaining program service levels in damage assessment and program management and \$91,000 for fixed cost increases. Fixed cost increases are fully funded. The restoration science initiative will fund enhanced restoration support from USGS that will influence successful bureau and co-trustee restoration activities by improving the scientific input to the design, implementation, and monitoring of habitat or contaminant type-specific restoration projects. Additionally, the Restoration Program Management Office will assist the Fish and Wildlife Service in 2006 as the Service undertakes a strategic realignment of its contaminants program to focus on restoration. Lastly, the request also includes an estimated \$32.0 million in permanent funds, which result from negotiated settlement agreements with responsible parties.

Overview of 2006 Budget Request
(Dollars in Thousands)

Budget Authority	2004 Actual	2005 Estimate	2006 Request	2006 Request Change from 2005	
				Amount	Percent
Current	5,564	5,737	6,106	+369	+6.43%
Permanent	36,860	32,000	32,000	0	0%
TOTAL	42,424	37,737	38,106	+369	+0.10%
<i>FTE</i>	4	6	6	-	0%

Budget Request by DOI Mission Component
(Dollars in Thousands)

DOI Strategic Goal	2005 Estimate	2006 Request	Change From 2005
Resource Protection	5,737	6,106	+369
Resource Use	0	0	0
Recreation	0	0	0
Serving Communities	0	0	0
Management	0	0	0
TOTAL	5,737	6,106	+369

Section 333 Compliance:

Section 333 of the 2005 Interior and Related Agencies Appropriations Act directs the disclosure of overhead, administrative, and other types of spending. The provision requires that budgets disclose current amounts and practices with regard to overhead charges, deductions, reserves, or holdbacks from program funding to support government-wide, Departmental, or bureau administrative functions or headquarters, regional, or central office operations. Changes to such estimates trigger reprogramming procedures, in which the Department must provide advance notice to and seek approval from the House and Senate Appropriations Committees.

For 2006, the Restoration Program's costs related to overhead, administration, and central/regional operations are addressed in two components of the budget, both under the heading of External Administrative Costs. These costs include amounts paid to the Department or other Executive Branch agencies to support Departmental or Government-wide administrative costs.

External Administrative Costs			
(Dollars in Thousands)			
	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
<u>DOI Working Capital Fund</u>			
Centralized Billings	74	148	74
Fee for Services	0	0	0
Direct Billings	14	0	86
Reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total, Working Capital Fund	88	148	160
<u>Fish and Wildlife Service</u>			
Cost Allocation Methodology (CAM)	265	268	270

Charges related to the Departmental Working Capital Fund (WCF) identified in the above table reflect the Restoration Program's share of centralized Departmental expenses for items and expenses such as telecommunications, security, mailroom services, costs associated with audited financial statements, and other WCF charges are more fully described in the section on uncontrollable costs. Beginning in 2005, the Restoration Program's billing from the WCF will also include \$53,000 its share of costs associated with Departmental audited financial statements. Starting in 2006, charges for program-specific financial management services provided by the Department's National Business Center (NBC) are moved from Centralized Billings and are more accurately reflected under the Direct Billing heading.

Beginning in 2002, the Fish and Wildlife Service (FWS) began assessing its Cost Allocation Methodology (CAM) on damage assessment funds provided to the Service from the Restoration Program. \$326,000 was assessed for 2002 projects. For 2003 and thereafter, the Restoration Program reached an agreement with all the bureaus regarding administrative overhead charges such as the CAM. The agreement provides that the program would allow any bureau that requested administrative overhead an amount no greater than seven percent of the damage assessment funding allocated to that bureau. Regardless of the usual overhead rate charged or the bureau's internal holdback or reserve policies, the agreement caps administrative allocations from the Program to the bureaus at seven percent of the amount transferred. To date, only FWS has requested such funds from the Program to cover bureau indirect administrative charges. The actual amount given to FWS is calculated annually after the Program has made its funding decisions for ongoing and new damage assessment cases. For 2005, damage assessment funding recommendations made in December 2004 resulted in 2005 CAM charges of \$268,000. For 2006, it is anticipated that FWS will likely receive funding at a level comparable to the average of recent years, yielding an estimate of \$270,000 to be transferred for 2006 CAM charges.

The Program Management activity, which includes Restoration Program administrative functions and central and regional operations, does not assess or levy any internal program overhead charges, deductions, or holdbacks to support such operations. Such program operations are addressed in the Program Management activity narrative starting on page 32.

President's Management Agenda:

In keeping with the President's Management Agenda, program performance information continues to play a key role in Program operations and the development of the 2006 budget request. The Program Office continues to work closely with the bureaus to develop common Activity-Based Cost (ABC) accounting measures across bureau lines. These cross-bureau ABC measures, which were first implemented in fiscal year 2004, coalesce into three major program performance areas – assessment, restoration, and program management. Individual bureaus and case teams will also collect data at a finer level of detail to be used in documenting costs that may be recoverable in settlement agreements. The Program Office is also embarking on an effort under the leadership of the Deputy Assistant Secretary for Wildland Fire and Business Management to use ABC data to refine and update its indirect cost calculations.

The Restoration Program has worked to integrate its staff planning efforts with the Workforce Planning team for the Assistant Secretary – Policy, Management, and Budget. With only six FTE in the Restoration Program Management Office, the Program relies greatly on distributive management, in close coordination with a workgroup comprised of multiple bureaus and offices. A Restoration Program workforce gap analysis that was conducted in 2003 in response to the President's Management Agenda identified increased interagency restoration support as the greatest program need to accomplish its missions and goals over the next five years. The 2005 budget includes two additional FTE for the Program, to be housed in the field, co-located with other related bureau offices. These FTE will support restoration activities within all the bureaus involved in the Program. The 2006 budget request builds on this identified need for a more precisely-focused restoration capability in the Program, but will be accomplished using existing FTE within the U.S. Geological Survey.

As part of a Departmental Competitive Sourcing exercise conducted in 2003, all current positions within the Restoration Program Office were identified as being inherently governmental in nature because they focus on policy, budget, and program guidance activities. However, competitive sourcing opportunities do exist in damage assessment and restoration activities conducted in the field by DOI bureaus. While many ongoing cases already make use of contractors and consultants, it will be incumbent upon the respective bureaus to identify additional opportunities, while ensuring that the inherently governmental tasks in each case continue to be carried out by DOI employees.

The Restoration Program Office, as part of the Office of the Secretary, follows the lead of the Departmental budget and financial management offices. The Restoration Program has no major financial management systems of its own. Financial management improvements initiated by the Office of the Secretary will be fully assimilated into Restoration Program Office operations, such as the recent move to Activity-Based Costing and Management (ABCM), and the development of the Department-wide Financial Business Management System (FBMS). Working together

with the Office of Financial Management, the Restoration Program completed action on a reportable condition identified in the 2003 Departmental Offices financial audit conducted by KPMG. A process was developed to record and report accounts receivable in situations where legal settlements call for periodic payments over a number of years.

The Restoration Program Office, consisting of 6 FTE, does not prepare a budget for information technology investments (Exhibit 53 or Exhibit 300). The Program Office’s information technology investments consist of six personal desktop computers, which reside within the Office of the Secretary’s operating networks. The Program does not own or operate any other information systems outside of these. The Program, as part of the Office of the Secretary, will again follow the lead of the Secretarial Offices in enterprise information technology investments and initiatives, such as ESN, Messaging, Active Directory and E-Authentication.

Performance Summary:

Restoration activities conducted under the auspices of the Restoration Program support the Department’s Strategic End Outcome Goal No. 1.2, Sustain Desired Biological Communities on DOI-Managed and Influenced Lands and Waters. Specifically, Program activities support Strategy 1 – **Create Habitat Conditions for Desired Communities to Flourish** by restoring habitats that have been injured by releases of oil or hazardous substances.

End Outcome Goal - Sustain desired biological communities on DOI managed or influenced in a manner consistent with obligations regarding the allocation and use of water

DOI Strategic Goal: <u>Resource Protection</u> – Sustain Desired Biological Communities on DOI Managed and Influenced Lands and Waters in a Manner Consistent with Obligations Regarding the Allocation and Use of Water							
Strategy: Create Habitat Conditions for Desired Biological Communities to Flourish							
End Outcome Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 President’s Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
Habitat restoration: Number of acres restored or enhanced to achieve habitat conditions to support species conservation consistent with management documents, program objectives and consistent with substantive and procedural requirements of State and Federal Water Law	NA	1,100	1,250	3,500	8,500	5,000 (+243%)	20,000
Habitat restoration: Number of stream/ shoreline miles restored or enhanced to achieve habitat conditions to support species conservation consistent with management documents, program objectives and consistent with substantive and procedural requirements of State and Federal Water Law	NA	11	60	50	80	30 (+60%)	195

Program Output Measures							
Cumulative sites where restoration activities have begun	126	145	176	176	200	+24	270
Cumulative settlement funds deposited into DOI Restoration Fund (millions of dollars)	\$239.9	\$276.8	\$307.0	\$308.8	\$340.8	+\$32.0	\$540.0

Note: The actual and planned acres and miles presented in this table are included among the performance results and targets presented in the Performance-Budgets of the trustee bureaus. As such, in order to avoid double-counting, these acres and miles are not included in the Department's aggregate results calculations or performance projections.

Consistent with the intermediate outcome measures in the Departmental Strategic Plan, program performance will be measured by the number of acres and the number of stream/shoreline miles restored in accordance with publicly approved restoration plans. The bureaus involved in the on-the-ground restoration activities will collect these resource-based end outcome restoration accomplishments and the Program Office will synthesize the bureau figures to report total accomplishments for the Department. In 2005, the program estimates that it will restore 3,500 acres and 50 shoreline/stream miles of habitat for injured trust resources. In 2006, the increase will enable the restoration of 8,500 acres and 80 shoreline/stream miles of habitat for injured trust resources, an incremental increase of 5,000 acres and 30 miles of restored habitat.

2004 is the baseline year for these program performance data. These data were not available for 2003 and previous years because the Program had not yet established a process for collecting this information from Bureaus in a consistent manner. The Bureaus will collect, validate, and verify the performance data before reporting to the Program.

In addition, the Program Office will report internally on the progress of cases through the assessment process to settlement, active restoration, and case completion using measures such as increased numbers of restoration plans drafted, finalized, and in stages of implementation; increased numbers of restorations completed; increased numbers of cooperative assessments with industry; and increased funding leveraged from restoration partnerships.

Organization Chart:

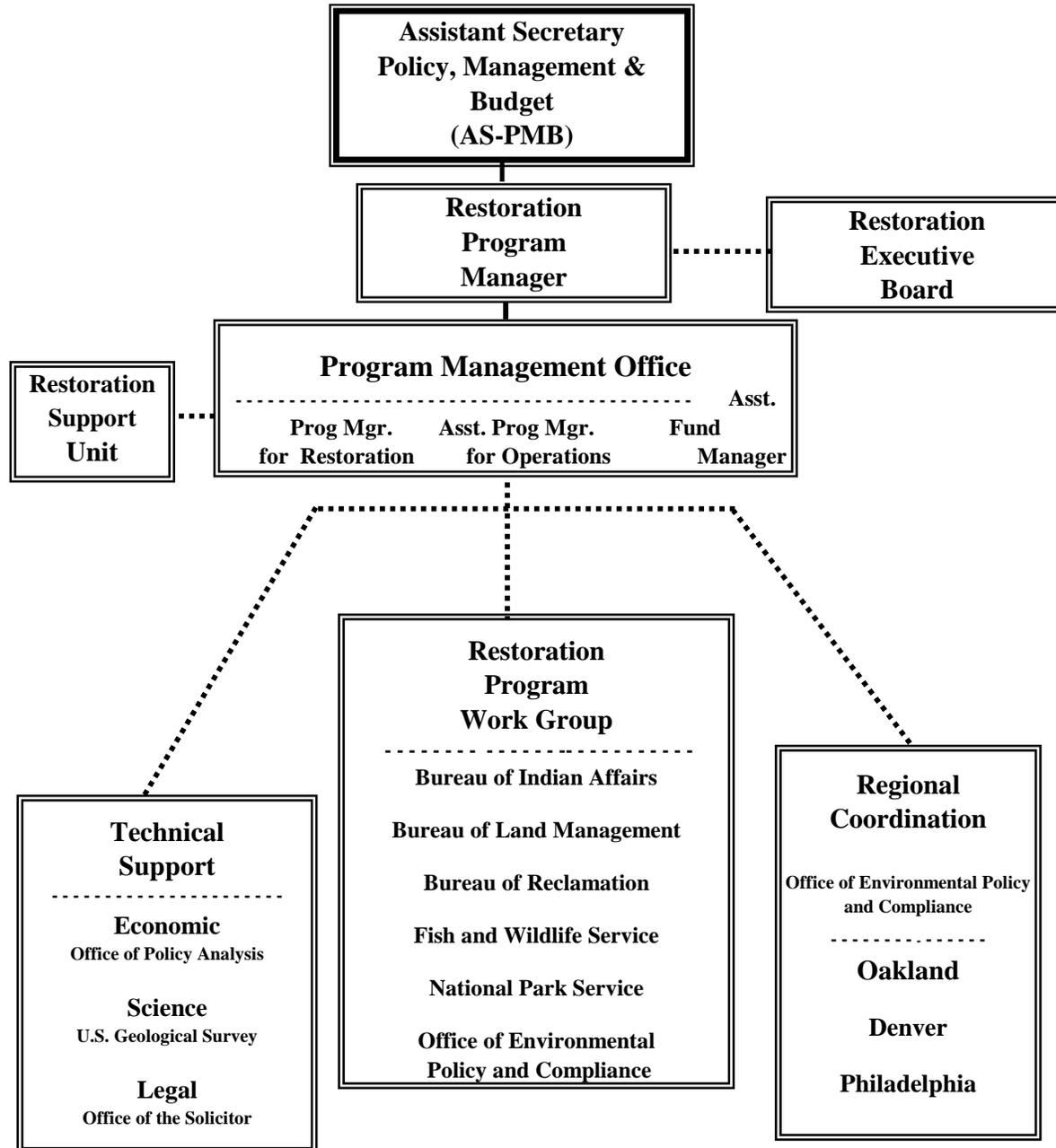
The Restoration Program Management Office consists of six FTE. They are the Program Manager and five staff: the Assistant Program Manager for Operations, the Assistant Program Manager for Restoration, and the Budget Officer/Restoration Fund Manager, located in its Washington, DC headquarters and two staff Restoration Support specialists located in Denver.

The following organization chart goes beyond the small number of people in the Program Management Office and reflects the integrated management structure of the Program as a whole, with the inter-related components of six bureaus, the Office of the Solicitor, and two offices within the Office of the Secretary.



Restoration Program

Natural Resource Damage Assessment & Restoration Program



The Restoration Program reports to the Deputy Assistant Secretary - Policy and International Affairs, Policy, Management, and Budget (PMB). There is also a "Restoration Executive Board" representative at the assistant director level for BIA, BLM, BOR, FWS and NPS, a Deputy Associate Solicitor, and the Director of the Office of Environmental Policy and Compliance. The Restoration Executive Board is responsible for overseeing policy direction and approving allocations of resources.

Natural Resource Damage Assessment and Restoration Program

Appropriations Language:

To conduct natural resource damage assessment and restoration activities by the Department of the Interior necessary to carry out the provisions of the *Comprehensive Environmental Response, Compensation, and Liability Act*, as amended (42 U.S.C. 9601 et seq.), *Federal Water Pollution Control Act*, as amended, (33 U.S.C. 1251 et seq.), the *Oil Pollution Act of 1990* (Public Law 101-380) (33 U.S.C. 2701 et seq.), and *Public Law 101-337*, as amended (16 U.S.C. 19jj et seq.), [\$5,818,000] \$6,106,000, to remain available until expended. (*Department of the Interior and Related Agencies Appropriations Act, 2005*)

Authorizing Statutes:

Comprehensive Environmental Response, Compensation, and Liability Act, as amended, (42 U.S.C. 9601 et seq.). Section 106 of the Act authorizes the President to clean up hazardous substance sites directly, or obtain cleanup by a responsible party through enforcement actions. Trustees for natural resources may assess and recover damages for injury to natural resources from releases of hazardous substances and use the damages for restoration, replacement or acquisition of equivalent natural resources. Provides permanent authorization to appropriate receipts from responsible parties.

Federal Water Pollution Control Act (Clean Water Act), as amended, (33 U.S.C. 1251-1387). Authorizes trustees for natural resources to assess and recover damages for injuries to natural resources resulting from the discharge of oil into or upon the navigable waters of the United States, adjoining shorelines, the waters of the contiguous zone, or in connection with activities under the *Outer Continental Shelf Lands Act* or the *Deepwater Port Act of 1974*, or which may affect natural resources belonging to, appertaining to, or under the exclusive management authority of the United States.

Oil Pollution Act of 1990, (U.S.C. 101-380). Amends the *Federal Water Pollution Control Act*, and authorizes trustee(s) of natural resources to present a claim for and to recover damages for injuries to natural resources from each responsible party for a vessel or facility from which oil is discharged, or which poses a substantial threat of discharge of oil, into or upon the navigable waters or adjoining shorelines or the exclusive zone.

Public Law 101-337, (16 U.S.C. 19jj). Provides that response costs and damages recovered under it or amounts recovered under any statute as a result of damage to any Federal resource within a unit of the National Park System shall be retained and used for response costs, damage assessments, restoration, and replacements. Liability for damages under this Act is in addition to any other liability that may arise under other statutes.

Interior and Related Agencies Appropriation Act, 1992 (P.L. 102-154). Permanently authorized receipts for damage assessment and restoration activities to be available without further appropriation until expended.

Dire Emergency Supplemental Appropriations for Fiscal Year 1992 (P.L. 102-229). Provides that the Fund's receipts are authorized to be invested and available until expended. Also provides that amounts received by United States in settlement of *U.S. v Exxon Corp. et al.* in FY 1992 and thereafter be deposited into the Fund.

Interior and Related Agencies Appropriation Act, 1998 (P.L. 104-134). Provides authority to make transfers of settlement funds to other federal trustees and payments to non-federal trustees.

Summary of Requirements

(Dollars in Thousands)

Appropriation: Natural Resource Damage Assessment and Restoration Fund

	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Appropriation enacted, 2005			6	5,737
Uncontrollable and Related Changes	0	+91		
Program Changes (detailed below)	0	+278		
Total Requirements (2005 Request)			6	6,106

Comparison by Activity/Subactivity

Comparison by Activity	2004 Actual		2005 Estimate		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2006 Budget Request		Inc. (+) Dec. (-) from 2005	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Damage Assessments		3,885		3,845	0	+42	0	+44	0	3,931	0	+86
[Receipts]		[4,053]		[4,000]				[+50]		[4,050]		[+50]
Restoration Support		247	2	366	0	0	0	+217	2	583	0	+217
[Prince William Sound Restoration]		[5,775]		[1,700]				[-200]		[1,500]		[-200]
[Other Restoration]		[26,810]		[26,050]				[+150]		[26,200]		[+150]
Program Management	4	1,432	4	1,526	0	+49	+0	+17	4	1,592	0	+66
[Receipts]		[222]		[250]				[0]		[250]		[0]
Total, Appropriation	4	5,564	6	5,737	0	+91	0	+278	6	6,106	+0	+369
[Gross Receipts]		[36,860]		[32,000]		[0]		[0]		[32,000]		[0]

Justification of Uncontrollable and Related Changes (Dollars in Thousands)	2005 Budget	2005 Revised	2006 Change
Additional Operational Costs from 2005 and 2006 of January Pay Raises:			
Annualization of 2005 Pay Raise (3.5%).....	N/A	N/A	+22
Amount of pay raise absorbed	0	0	0
2006 Pay Raise (2.6%).....	N/A	N/A	+48
Amount of pay raise absorbed			0
<p>These adjustments are for additional amounts needed in 2006 to fund the remaining 3-month portion of the estimated cost of the, on average, 3.5 percent pay increases effective in January 2005 and the additional costs of funding an estimated 2.4 percent January 2006 payraise for GS-series employees and associated pay rate changes made in other pay series.</p>			
Other Uncontrollable Cost Changes:			
Rental Payments to GSA and Others.....	57	57	+14
<p>The adjustment is for changes in the costs payable to General Services Administration and others from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.</p>			
Employer Share of Federal Health Benefits.....	127	127	+16
<p>The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.</p>			
Departmental Working Capital Fund (WCF) Charges.....	147	152	+3
<p>The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Departmental Management.</p>			
One Less Payday.....	N/A	N/A	-12
<p>This adjustment reflects decreased costs resulting from the fact that there is one less payday in 2006 than in 2005.</p>			
Totals	331	336	+91

ACTIVITY: DAMAGE ASSESSMENT

Natural Resource Damage Assessment		2004 Actual	2005 Estimate	Uncontrollable & Related Charges (+ / -)	Program Changes (+ / -)	2006 Budget Request	Change From 2006 (+ / -)
Activity: Damage Assessment	(\$000)	3,885	3,845	+42	+44	3,931	+86
	<i>FTE</i>	[0]	[0]	[0]	[0]	[0]	[0]

Activity Overview:

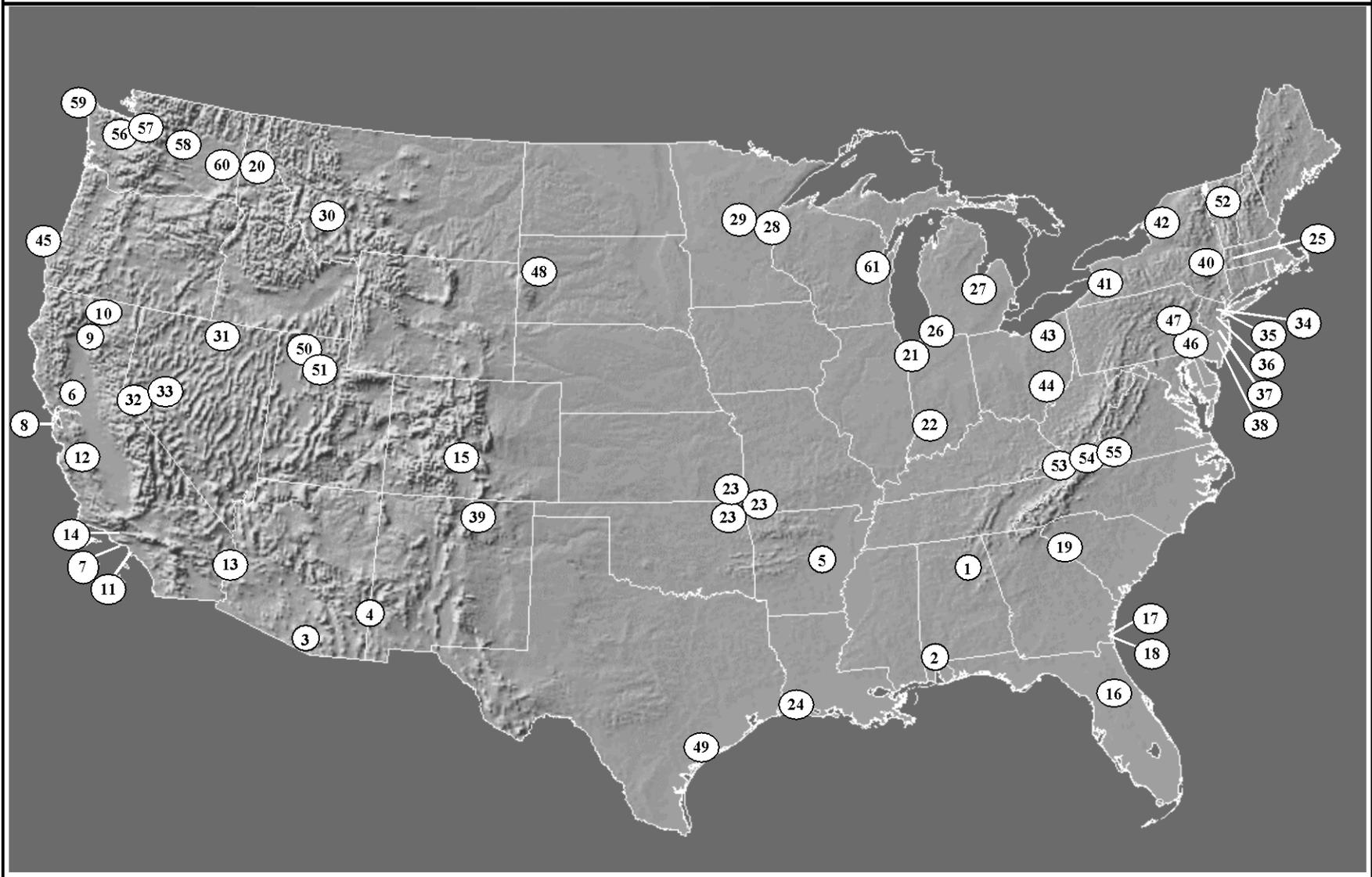
Damage assessment activities are the critical first step taken on the path to achieving restoration of natural resources injured through the release of oil or hazardous substances. The nature and magnitude of injury must be identified, investigated, and thoroughly understood if the resulting restoration is to be effective. The resulting physical and scientific evidence of natural resource injury then forms the basis for the Department's claim for appropriate compensation via restoration settlements that allow the Restoration Program to contribute to the Department's Strategic Goal of **Resource Protection – Sustain Desired Biological Communities on DOI Managed and Influenced Lands and Waters**. Information regarding the nature and magnitude of the injury, and the means by which they are determined, also help establish the goals of the restoration plans and influence the determination of when those goals have been successfully reached.

Damage assessment cases are conducted by one or more of the five principal trustee bureaus within the Department: (Fish and Wildlife Service; Bureau of Land Management; National Park Service; Bureau of Indian Affairs, and Bureau of Reclamation). Economic analytical support is provided by the Office of Policy Analysis, scientific/technical analysis and support from the U.S. Geological Survey, and legal counsel from the Office of the Solicitor. In nearly all cases, assessment activities are carried out in partnership with other affected Federal, State, and/or tribal co-trustees. These partnerships have proven very beneficial for all involved, as cooperation and consultation among the trustees facilitates addressing overlapping areas of trustee concern, and consolidates those concerns into a single case. Trustees can also share data, achieve economies of scale, avoid duplication of effort and minimize administrative burdens. Responsible parties benefit from this as well, as they are able to address trustee concerns in a single case.

The Department continues to make progress in conducting many of its damage assessment cases on a cooperative basis with responsible parties. As a matter of practice, responsible parties are invited to participate in the development of assessment and restoration plans. The Department has been involved in over thirty cooperative assessments, where the responsible parties have availed themselves of the opportunity to provide input into the selection of various injury studies and contribute funding towards Interior assessment activities.

The Program's current caseload totals 49 ongoing cases, and is depicted on the map and table on the following pages.

Damage Assessment and Restoration Sites
Funded by the Department of the Interior Restoration Fund



- Alabama**
- Anniston PCBs
 - CIBA - McIntosh NPL Site

- Arizona**
- Cyprus Tohono Mine
 - Phelps-Dodge Mine Complex

- Arkansas**
- Vertac/Bayou Meto

- California**
- Almaden Quicksilver
 - American Trader Oil Spill
 - APEX Houston Oil Spill
 - Cantara Loop Chemical Spill
 - Iron Mountain Mine
 - Los Angeles Bight / Montrose Chemical
 - New Idria Mine
 - PG&E Topock Compressor Station
 - Santa Clara River Oil Spill

- Colorado**
- Upper Arkansas River

- Florida**
- Lake Apopka - North Shore

- Georgia**
- LCP Chemical
 - Terry Creek
 - Lake Hartwell PCBs

- Idaho**
- Coeur d'Alene River and Basin (Bunker Hill Mining District)

- Indiana**
- Grand Calumet River
 - Viacom / Westinghouse PCBs

- Kansas**
- Tri-State Mining District - - Cherokee County

- Louisiana**
- Calcasieu Estuary

- Massachusetts/Connecticut**
- Housatonic River

- Michigan**
- Kalamazoo River
 - Saginaw River and Bay

- Minnesota**
- St. Louis River
 - St. Regis Paper

- Missouri**
- Tri-State Mining District - - Jasper County

- Montana**
- Grant-Kohrs Ranch (Clark Fork River)

- Nevada**
- Rio Tinto Mine
 - Leviathan Mine
 - Yerington Anaconda Mine

- New Jersey**
- Diamond Alkali
 - Great Swamp NWR
 - Berry's Creek Watershed
 - GAF / ISP-ESI Facility
 - U.S. Avenue Burn

- New Mexico**
- Molycorp Mine

- New York**
- Hudson River PCBs
 - Niagara River
 - St. Lawrence Environment

- Ohio**
- Ashtabula River
 - Ohio River

- Oklahoma**
- Tri-State Mining District - - Tar Creek (20)

- Oregon**
- M/V New Carissa Oil Spill

- Pennsylvania**
- Paoli Railyard
 - Palmerton Zinc

- South Dakota**
- Whitewood Creek

- Texas**
- Lavaca Bay

- Utah**
- Jordan River
 - Kennecott Copper-North End

- Vermont**
- Pine Street Canal

- Virginia**
- CERTUS - Clinch River Spill
 - Lone Mountain Coal Slurry
 - Saltville Disposal NPL Site

- Washington**
- Commencement Bay
 - Elliott Bay
 - Holden Mine
 - Tenyo Maru Oil Spill
 - Midnite Mine

- Wisconsin**
- Fox River / Green Bay



Damage Assessment in Progress



Restoration Actions in Progress



Tribal Involvement

Selection of damage assessment projects is accomplished on an annual basis through an extensive internal proposal and screening process that assures that only the highest priority cases are funded. Priorities for selecting projects are based upon a case's likelihood of success in achieving restoration, either through negotiated restoration settlements or through successful litigation where necessary. Cases must demonstrate sufficient technical, legal, and administrative merit focused on the purpose of achieving restoration.

The Restoration Program's selection process is designed to:

- Be inclusive of all natural resources under Interior trusteeship and trustee roles;
- Provide a process that encourages thorough planning and ultimately, enhanced opportunities for restoration success;
- Provide a process that evaluates both the objective and subjective aspects of individual cases; and
- Fund cases that have demonstrated sufficient levels of technical and legal merit, trustee organization, and case readiness.

DOI bureaus are also required to coordinate their efforts into a single project proposal, thus promoting efficiencies and eliminating duplication of effort. Bureau capabilities are used to augment and compliment each other, as opposed to building redundant program capabilities in each bureau.

Once projects are funded, obligation data is monitored at the aggregate (DOI), bureau, and project levels across all involved bureaus. This obligation data and carryover balances are additional factors considered in the annual funding decision process. Further, unobligated balances on all damage assessment projects are tracked through settlement, at which time all unused or unneeded funds are pulled back and re-allocated to other deserving projects. In some instances and under certain circumstances, case teams have voluntarily returned project funds from ongoing projects so that they can be re-allocated to other more deserving projects.

The program requires its case teams to document their respective assessment costs and attempts to recover those costs from the potentially responsible parties when negotiating settlement agreements. Over the past three fiscal years (2003 – 2005), the Program has utilized an average of \$2.1 million in recoveries annually to supplement appropriated funds to fund new and ongoing assessment needs.

2004 Activity Performance Accomplishments:

Damage assessment activities are a vital step in the process of restoring natural resources that have been injured by releases of oil or hazardous substances. The program outcome measures of acres and miles of habitat restored, however, do not directly measure progress in this activity. Instead, the Program must rely on output measures, such as numbers of assessment cases that have been settled and amount of funds recovered in those settlements. In addition, in 2004 the Program implemented project milestone reporting requirements and received the first input of data that enable the Program to report on interim progress toward case settlement in these multi-year damage assessment cases.

In 2004, 13 damage assessment cases reached settlement. Through January 2005, the DOI Restoration Fund has recovered over \$591 million in gross settlement receipts and earned interest since its creation in 1992. Deposits and interest for 2004 alone totaled nearly \$37 million. 2005 net settlement recoveries are anticipated to be approximately \$32 million. (All amounts inclusive of Exxon Valdez oil spill funds). In addition, 42 of the 49 ongoing damage assessment cases in 2004 demonstrated progress toward completion of the assessment phase, meeting interim thresholds such as completion of injury determination or damage quantification.

REACHING SETTLEMENTS

Grand Calumet River, Indiana

In August, 2004, DOI, the State of Indiana, and their partners announced that eight companies have agreed to pay nearly \$60 million to restore natural resources injured by releases of hazardous substances and oil in the Grand Calumet River and Indiana Harbor Canal in northwestern Indiana.

Led by the Indiana Department of Environmental Management (IDEM) and the U.S. Department of Interior through the Fish and Wildlife Service, a team of seven federal and state agencies has been working since 1996 to determine the extent of damages from a century of industrial releases of oil and other hazardous substances into the waterway. Studies led by the U.S. Geological Survey showed that the releases contaminated the river's water and streambed, affecting migratory birds, fish, aquatic wildlife and invertebrates.

The settlement with the Indiana and U.S. governments, lodged by the U.S. Department of Justice, calls for:

- Cash payment of \$56,353,000 to fund in-stream restoration, wetland protection, and habitat enhancement projects in the watershed
- Permanent protection of 233 acres, including globally rare "dune and swale" habitats associated with Lake Michigan; and
- \$2,700,000 million to repay IDEM and USFWS for their damage assessment work.

The settlement efforts represent a unique attempt to integrate ecological values with responsible industrial activities. Unlike several other NRDAR sites, the Grand Calumet River is not an abandoned hazardous waste site. Many of the companies that are parties to the settlement continue to do business on the river, yet amidst the factories, refineries, and urban industrial development are some of the most valuable ecological resources in the Midwest – including globally rare dune and swale habitats, prairie wetlands, savannas, marshes and lakeshores that support numerous important fish and wildlife species – such as the endangered Indiana bat and the karner blue butterfly, peregrine falcons, and scores of waterfowl species that stop to rest and feed after the arduous Lake Michigan flyover.

2005 Planned Activity Performance:

In 2005, the program will utilize \$2.5 million in recovered past assessment costs from recent settlements and/or returned funds from completed assessments in addition to the \$3.8 million in

appropriated funds to fund a total of \$6.3 million for damage assessment projects under this activity. These funds will support damage assessment efforts at 32 sites, including three new feasibility studies and four new sites that previously received feasibility funds and have matured into fully-developed cases. The Restoration Program evaluated original project proposals from the field that totaled over \$8.6 million in selecting projects for funding at this level.

The Program estimates that six damage assessment cases (13% of ongoing cases) will reach at least a partial settlement in 2005. Settlements in 2005 are projected to return \$3.3 million in recovered assessment costs to the DOI Restoration Fund.

In its 2005 project funding deliberations, the Restoration Program made use of performance data collected from ongoing cases that document the attainment of specific milestones (assessment plan development, trustee MOU, injury determination and quantification, claim for damages) in the multi-year process toward settlement. Funding decisions were weighted towards those cases that continue to show progress along the damage assessment continuum towards settlement and eventual restoration. Cases that stall or fail to progress are considered a lesser priority, but given opportunity to make course corrections at a stable or reduced funding level. Course corrections must be made before funding is made available for addressing subsequent milestones. In future years, such performance information will lend itself to helping the Restoration Program better manage its workload by having a clearer sense of when damage assessments are near completion and opportunities for new starts emerge.

Justification of 2006 Program Changes:

Natural Resource Damage Assessment	2006 Budget Request	Program Changes (+ / -)
Activity: Damage Assessments (\$000)	3,931	+44
FTE	0	0

The 2006 request of \$3,931,000 and no FTE for damage assessments includes a minor program increase of \$44,000 over the 2005 enacted level. This program increase provides funding necessary to maintain current level of program performance associated with damage assessment activities at 49 ongoing or new sites. The Restoration Program also anticipates receiving approximately \$3.3 million in recovered assessment costs from settled cases and \$700 thousand for cooperative assessments, an amount similar to previous years. In 2006, the Program will continue to fund ongoing damage assessment cases and may initiate new cases if adequate funding is available and the new cases meet the selection criteria described previously in the activity overview.

Program Performance Summary:

The damage assessment activity indirectly supports the Department’s Strategic End Outcome Goal No. 1.2, Sustain Desired Biological Communities on DOI -Managed and Influenced Lands and Waters, specifically Strategy 1 – **Create Habitat Conditions for Desired Communities to Flourish** by restoring habitats that have been injured by releases of oil or hazardous substances. Damage assessments are an integral step leading to the resolution of damage claims, which when settled, provides the funds or services necessary for natural resource restoration. Performance under this activity, however, is not captured directly by the resource-based Departmental strategic outcome measures such as the number of acres and the number of stream/shoreline miles restored in accordance with publicly approved restoration plans.

The Restoration Program continues to track and rely on two internal intermediate measures to track program performance: the cumulative number of sites where restoration activities have begun and the cumulative amount of funds deposited into the DOI Restoration Fund.

As described in the text box on the previous page, the Program instituted a process in late 2003 across all the bureaus to track and report progress within ongoing damage assessment cases. Key milestones in this tracking system are linked to the damage assessment regulations and include trustee coordination, development of assessment plans, injury determination and quantification, pathway, and development of damage claims, and case settlement. Data collected for the first time in 2004 and biannually thereafter will enable the Program to report on the progress of cases through the assessment process to settlement, using measures such as number of cases reaching various milestones, numbers of cooperative assessments with industry, and number of cases settled.

ACTIVITY: RESTORATION SUPPORT

Natural Resource Damage Assessment	2004 Actual	2005 Estimate	Uncontrollable & Related Charges (+ / -)	Program Changes (+ / -)	2006 Budget Request	Change From 2006 (+ / -)
Activity: Restoration Support (\$000)	247	366	0	+217	583	+217
<i>FTE</i>	[0]	[2]	[0]	[0]	[2]	[0]

Activity Overview:

The creation of the Restoration Support activity occurred in 2003 and was spurred by the realization of the need to better balance the program between conducting damage assessments and implementing restorations. As a result of achieving many successful settlements in recent years, the Restoration Program recognized the need to provide a broader and more substantive institutional emphasis on accomplishing restoration in a timely fashion whenever possible. This need goes beyond simply planning and implementing restoration on a case-by-case manner, as had been the practice.

Interior bureaus, working in partnership with other affected State, Federal, and tribal co-trustees, use settlement funds to carry out restoration activities. The Program has undertaken a

coordinated effort in recent years to focus greater attention on restoration activities and to expedite the expenditure of settlement funds. The shift of \$250,000 from assessment to restoration in 2003, the establishment of a new restoration position in 2004, the establishment two new positions in the restoration support unit in 2005, the restoration science initiative and the FWS strategic realignment in 2006 are key elements within this coordinated effort. The restorations described below and others reflected on the map (see pages 14-15) provide examples of restoration successes. Over ninety-one percent of all funds received and interest earned to date from natural resource damage case settlements are designated as restoration funds, and can be used only for restoration planning, implementation (including land acquisition), oversight, and monitoring of implemented restoration actions at a specific site or related to a specific settlement, after the issuance of an approved restoration plan. The use of such funds represents a real value to the American public, as injured natural resources and services are restored at the expense of the responsible party, and not the taxpayers. In addition to settlement funds deposited into the DOI Restoration Fund, the Department is a party to other natural resource damage settlements where settlement funds are deposited into a Court Registry or some other account selected by the Trustees. Additionally, there are a number of settlements where the responsible parties have agreed to undertake or implement the restoration action, with trustee agencies providing oversight to ensure compliance with the terms of the settlement and adherence to the approved and public-reviewed restoration plan.

Other Available Restoration Resources		
(Dollars in \$000)		
	<u>2005</u>	<u>2006</u>
Settlement funds currently held in DOI Restoration Fund (estimate)	\$200,000	\$230,000
Settlement funds in various court registry accounts (estimate)	\$100,000	\$100,000

2004 Activity Performance Accomplishments:

In 2003 and previous years, the Restoration Program had only anecdotal information and data on restoration performance, which had not been collected in a uniform systematic fashion. In 2004, the Program began to measure restoration success consistently across five trustee bureaus in the Department. This development of common performance measures contributes to the Secretary's implementation of the President's Management Agenda through improved inter-bureau integration and accountability. The common measures, acres of habitat and miles of stream/shoreline restored, are now collected by each bureau and reported to the Program Office, which synthesizes the bureau figures to report total accomplishments for the Department, ensuring that cases with multi-bureau involvement are not double-counted. The trustee bureaus, primarily the Fish and Wildlife Service, worked with their co-trustee partners to restore 1,100 acres of habitat and 11.3 miles of streams and shorelines. In 2004, (excluding Exxon Valdez), \$16.2 million was released from the DOI Restoration Fund to DOI and other trustee agencies for site-specific restoration activities. By the end of 2004, a cumulative 145 restoration actions had been undertaken.

The Program received \$247,000 in 2004 for the Restoration Support activity. This funding was used to initiate a pilot project in regional restoration, which focused on the challenges of

combining and coordinating restoration efforts, utilizing multiple small settlements under a single restoration plan. Funds were also used for a pilot project in restoration planning approaches in partnership with non-profit conservation groups and with the Bureau of Reclamation Technical Services Center. The Technical Services Center also began development of a restoration docket to house program performance data as well as information on completion of key milestones on the path from assessment through settlement and restoration. In addition, the Program developed a set of policies and operating principles for natural resource restoration activities. Selected case examples that highlight various restoration successes are described on the following pages.

RESTORING INJURED RESOURCES

Certus / Clinch River Spill, Virginia

Utilizing a \$3.8 million settlement arising from a 1998 chemical spill from an overturned tanker truck, the Department and its co-trustees have begun to restore native freshwater mussels to the Clinch River watershed in southwestern Virginia. The spill turned the river an opaque white color, causing a significant fish kill, killing most aquatic benthic invertebrates for about 7 miles downstream, and destroying one of the last two known remaining reproducing populations of the endangered tan riffleshell mussel. Led by the U.S. Fish and Wildlife Service and the Virginia Department of Game and Inland Fisheries (DGIF), with essential scientific and technical support from the U.S. Geological Survey, the co-trustees are using the recovered funds to finance a multi-year program to breed juvenile mussels in a laboratory setting for re-introduction into the impacted reaches of the Clinch River to re-establish stable mussel populations.

The consent decree directs the settlement funds to be “managed by the DOI for the joint benefit and use of the Federal and State Trustees to plan, perform, monitor and oversee native, freshwater mussel restoration projects within the Clinch River watershed.” The impacted area provided excellent habitat for mussels and, prior to the spill was home to significant populations of more than a dozen species of native, freshwater mussels, including the federally-endangered, purple bean and rough rabbitsfoot mussel species in addition to the tan riffleshell mussel.

An important key to the successful restoration of the native mussel populations in the watershed is a set of mussel-breeding techniques developed by USGS scientists at Virginia Tech and their state counterparts at DGIF’s facilities. In the fall of 2004, the first 3,000 hatchery-raised mussels were transplanted from these hatchery facilities into the watershed. These mussels ranged in size from microscopic larvae, to inch-long juveniles, to palm-sized adults. Local residents and elected officials, the Nature Conservancy, the Clinch River Headwaters Association, Tazewell County Soil and Water conservation district and other groups assisted the first re-stocking effort and have been active partners with the co-trustees in pursuing the settlement and in restoring the Clinch’s habitat. Many of these local partners were not merely observers of the re-stocking, but actively participated, including school children who waded into the stream to place the mussels in locations chosen by the co-trustees.

Prior to re-stocking, the co-trustees have regularly monitored water quality within the watershed to be certain that the area being re-stocked is no longer toxic to the mussels. The mussel restoration efforts are being closely coordinated with other natural resource management efforts

in the watershed to improve water quality through the use of vegetated riparian buffers and the establishment of a nearby preserve by the Nature Conservancy, which has designated the watershed as one of its highest priorities nationwide.

This fall's re-stocking will be followed by several more years of re-stocking as the mussel hatchery facilities continue to produce more mussels annually. In addition, the mussels will be monitored annually for the next 12 years to assess the mussels' growth, health and reproduction. Freshwater mussels can live for over 80 years, making them very useful for long-term monitoring. Mussel beds also provide habitat for other aquatic invertebrates that live among them or on their shells, providing a potential food source for fish within the watershed.

Fox River / Green Bay, Wisconsin and Michigan

The restoration of the Fox River and Green Bay ecosystem is a success story of consultation, cooperation and communication all in the service of conservation within trustee community and with all the various partners ranging from environmental groups to local municipalities to the potential responsible parties. We continue to work with our co-natural resource trustees – the States of Wisconsin and Michigan, the Oneida Tribe of Indians of Wisconsin, and the Menominee Indian Tribe of Wisconsin – to resolve the significant remaining claims and implement the co-trustees' natural resource restoration plan published in 2003.

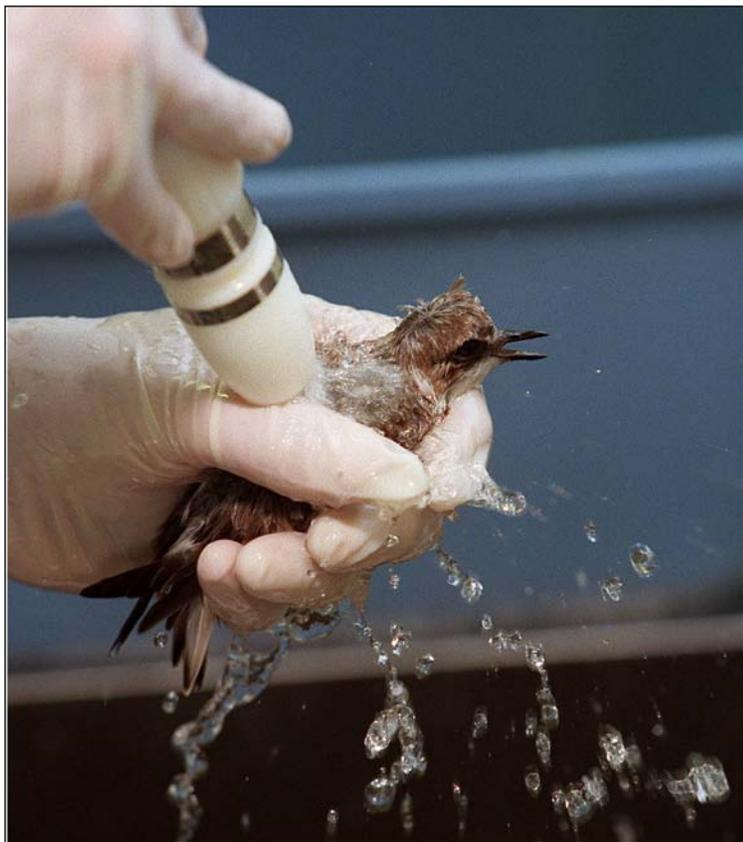
In 2004, Wisconsin Tissue Mills and the P.H. Glatfelter Corporation agreed to be responsible for \$3 million worth of natural resource restoration projects, and to reimburse DOI for \$300,000 in past assessment costs, as a “down payment” on their ultimate liability. This agreement was part of a larger agreement with EPA and the State of Wisconsin to conduct the selected cleanup action in a segment of the River. In 2004, the Trustees also reached an agreement with one of the other responsible parties, leading to a final settlement with that company in excess of \$12 million. This final settlement with Georgia-Pacific (formerly Fort James Corporation) included the preservation of 1,063 acres of ecologically-significant threatened habitat on the west shore of Green Bay that was acquired by the paper company. The habitat acquired was then transferred to the State of Wisconsin and set aside from future development, and will be used to enhance and protect wetland habitat and spawning and nursery areas for fish.

In partnership with the FWS North American Wetlands Conservation Act Grant Program, Ducks Unlimited, Pheasants Forever, and numerous local groups and individuals, the co-trustees contributed \$420,000 in restoration settlement funds toward the implementation of the Rush Lake Restoration project. This \$1.6 million project will restore approximately 3,000 acres of a unique prairie pothole wetland complex in northeast Wisconsin – creating habitat for a wide range of wetland wildlife; nesting habitat for terns and herons, nesting and brood rearing habitat for waterfowl, migration stopover areas for shorebirds, upland grassland habitat for bird nesting, and habitat for mink. Many of the resource benefits received from this project are directly related to the resources injured by PCB releases into the Lower Fox River and Green Bay – including waterfowl, fish-eating birds, mammals and fish. The Rush Lake project will also provide human use and enjoyment benefits including waterfowl hunting, fishing, trapping, and birdwatching.

The Trustees also worked cooperatively with The Nature Conservancy to identify key upland and wetland habitat to purchase and preserve. Approximately 247 acres were preserved using \$600,000 of settlement funds which leveraged \$700,000 of state, federal and private monies making the restoration project larger than any one funding source could complete. These lands were threatened with residential development and now will continue to protect the watershed and provide habitat for the endangered Hine's emerald dragonfly, bald eagles, shorebirds, waterfowl, and game and commercial fish species.

M/V New Carissa Oil Spill, Oregon

A court-approved settlement announced in June, 2004 provides an initial \$4 million toward restoring natural resources harmed by oil from the 1999 grounding and subsequent breakup of the cargo ship M.V. New Carissa near Coos Bay, Oregon. The Department and its natural resource co-trustees will submit a claim to the federal Oil Spill Liability Trust Fund for any additional money needed to fully restore populations of seabirds and shorebirds injured by the oil, as well as public recreational use lost as a result of the incident. The Bureau of Land Management is the lead trustee representative in this case, with internal DOI support provided by the Fish and Wildlife Service and the Bureau of Indian Affairs. External co-trustee partners include the U. S. Forest Service, the State of Oregon (represented by the Departments of Fish and Wildlife and Environmental Quality), the Confederated Tribes of the Siletz, Oregon and the Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw Indians.



Western Snowy Plover being cleaned at International Bird Rescue Recovery Center facility on Coos Bay's North Spit

The M/V New Carissa ran aground in February 1999 on the beach just north of the entrance to the bay and eventually broke in two. The ship ultimately leaked an estimated 70,000 gallons of its fuel and the stern section of the broken ship still remains on the coast near Coos Bay. The trustees determined that the New Carissa incident caused injury to a wide variety and number of seabirds and shorebirds including more than 2,300 seabirds and gulls killed by the incident and 450-800 shorebirds that were oiled. In addition, about 29,000 public recreational trips were lost or diminished.

The grounding of the M/V New Carissa occurred in an especially sensitive area for the western snowy plover, which is a federally-listed threatened species. A number of

snowy plovers were oiled immediately after petroleum products began leaking from the stranded vessel and ultimately more than 45 western snowy plovers were oiled. The grounding and fuel spill exacerbated what was already believed to be Oregon's worst nesting season for the snowy plover in recent years, and there was grave concern among the trustees for the plight of the species along the Oregon coast. These oiled birds represented more than 50% of the entire Oregon coast winter population of western snowy plovers at that time. Mindful of this, the trustees and the Responsible Parties agreed to co-fund and implement emergency restoration measures for the species. The specific measures were to:

- provide on-site interpretation specialists during the nesting season to increase public education/awareness of snowy plover nesting needs;
- provide law enforcement personnel to enforce public closures at snowy plover nesting areas;
- ensure important snowy plover areas are clearly marked with barriers, ropes and signs;
- protect snowy plover nests from predators by erecting wire exclosures and removing some mammalian predators of snowy plovers at New River; and
- create 30 acres of new snowy plover nesting habitat on the North Spit.



Emergency Restoration for the Western Snowy Plover on Coos Bay's North Spit

In addition to these emergency restoration measures, the co-trustees are developing a longer-term comprehensive restoration plan to deal with the additional injuries to remaining seabirds and shorebirds and to address the loss of recreational opportunities caused by the spill.

M/V Cape Mohican Oil Spill, California

The SS Cape Mohican Restoration Plan describes numerous projects selected to restore the trust natural resources and public uses injured as the result of an oil spill in October 1996. The spill spread beyond San Francisco Bay and the Golden Gate National Recreation Area to impact the Gulf of the Farallons National Marine Sanctuary, Point Reyes National Seashore, as well as several species of shorebirds and seabirds and anadromous fish such as steelhead and Pacific Herring. The National Park Service and U.S. Fish and Wildlife Service continue to work in partnership with co-trustees from NOAA and two California State Agencies (the Department of Fish and Game and the Department of Parks and Recreation) on the implementation of the plan.



As part of the Cape Mohican Restoration Project, National Park Service staff and volunteers remove exotic species and add native plants at Crissy Field on San Francisco Bay.

DOI staff are leading many of the shorebird restoration efforts and the activities on Park Service lands. The Department is the lead for the creation of new nesting habitat for colonies of the endangered California least tern. This project entails predator exclusion fencing, removal of undesirable vegetation, addition of pea gravel as a nesting substrate, and three years of follow-up monitoring of nesting success. Three other Department-led projects involving the removal of exotic vegetation are also underway on approximately 100 acres of important habitats – one project will restore shorebird foraging habitat on mudflats and intertidal salt marshes within San Francisco Bay; the second will restore burrow nest habitat on the Farallon Islands for seabirds

such as auklets and ashy storm-petrels; and the third will restore shorebird foraging and nesting areas, primarily for snowy plovers, on the sandy beach habitat of Point Reyes National Seashore. Further projects to deal with injuries to anadromous fisheries, water quality, wetland habitat, and recreational use are also being implemented under the leadership of NOAA and the State co-trustees.

Summitville Mine, Colorado

In a cooperative conservation partnership with the State of Colorado and the local community, the Bureau of Land Management and the U.S. Fish and Wildlife Service began restoration planning on the Summitville Mine NRDAR case in 2004. The United States and the State of Colorado, as trustees, reached a settlement for injuries to natural resources on the Alamosa River Watershed from historic releases of toxic metals. After the principal defendant settled with the trustees and paid \$5.0 million in natural resource damages in 2001, the State and the Departmental trustees are coordinating the use of two accounts, each funded at \$2.5 million to restore, replace, or acquire natural resources in the Alamosa River watershed.

The NRDAR restoration planning is part of a broader comprehensive, watershed-wide Master Plan that addresses all impacts to natural resources and resource services on the watershed. The community is seeking other funds to match and leverage the \$5 million in settlement monies, to support complementary projects not fundable by the natural resource damaged settlement. The Master Plan provides for a package of coordinated restoration projects to restore the ecological health, as well as the agricultural utility and water economy of the Alamosa River watershed. The Plan includes bank stabilization, re-vegetation, and stream restoration on several reaches of the Alamosa River and would provide for the acquisition of riparian buffer zones to protect the restored banks from subsequent agricultural and other impacts. A substantial portion of the funding would allow for the acquisition of a senior water right, and required water storage, to enhance river flows to support restored stream banks, recovery of a river fishery, and replenishment of groundwater related to the River. The acquisition of conservation and recreation easements are also planned to help ensure that segments of the restored river corridor remain protected and available for public access. The Plan also provides for support of community involvement in monitoring to ensure the long-term viability of the restoration projects to be implemented.

2005 Planned Activity Performance:

In 2005 the Program will continue to utilize resource-based end outcome restoration accomplishments (acres of habitat, miles of stream/shoreline restored) that will be collected and reported directly by the bureaus involved in the on-the-ground restoration activities. The Program Office will synthesize the bureau figures to report total accomplishments for the Department, ensuring that cases with multi-bureau involvement are counted, but not double-counted. In 2005, the Program estimates that it will restore 3,500 acres and 50 shoreline/stream miles of habitat for injured trust resources.

In 2005, the Program will establish a restoration support unit in Denver as described in last year's budget request. The program will complete docket development and the pilot projects on restoration planning and regional restorations and continue to support field efforts to expand

restoration partnerships with non-profit conservation groups, industry, and other interested parties. The focus of this activity will continue to be to provide assistance to the field for the sole purpose of getting restoration accomplished on the ground.

Justification of 2006 Program Changes:

Natural Resource Damage Assessment	2006 Budget Request	Program Changes (+ / -)
Activity: Restoration Support (\$000)	583	+217
FTE	2	0

The 2006 budget request for restoration support is \$583,000 and 2 FTE, a net program increase of \$217,000 and no FTE from the 2005 enacted level. The requested increase would provide funding for additional support for the restoration of natural resources that have been injured or lost by releases of oil or hazardous substances consistent with the strategic goal of Resource Protection identified in the Department’s Strategic Plan. The request also supports improved integration of the Department’s restoration activities, with a continued emphasis on utilizing the “4 Cs”. In addition, the Restoration Program Management Office will assist the Fish and Wildlife Service in 2006 as the Service undertakes a strategic realignment of its contaminants program to focus on restoration.

Prior to the establishment of the Restoration Support activity in the 2003 budget, the bureaus and the Program Office focused more on damage assessment than on restoration. That focus has been shifting, with the hiring of an Assistant Program Manager for Restoration and the establishment in 2005 of the Restoration Support Unit. The 2006 increase request is further evidence of the Department’s ongoing commitment to emphasize restoration as the primary goal of the Natural Resource Damage Assessment and Restoration Program.

The U.S. Geological Survey (USGS) currently provides extensive scientific guidance and technical support to the bureaus and the program on the damage assessment side, largely focused on the identification of injured resources including air, soil, sediment, water, and biota. The 2006 request is intended to complement current USGS efforts by providing for a corresponding restoration science support capability to the Program. The proposed increase will bring USGS science expertise to address the ecological restoration of systems injured by the release of oil or other hazardous substances and the monitoring and measurement of restoration success.

Although many scientifically valid techniques are available to document the extent and severity of injury to natural resources, restoration science is still in its infancy. Several interconnected efforts are needed to strengthen the state of restoration science, reduce disagreements with responsible parties, and help us achieve more timely and effective restoration. Effective restoration and recovery of contaminated lands requires integrated efforts of many scientific disciplines such as those embodied by the Water, Geology, Biology, and Mapping disciplines within USGS. Among the efforts needed are:

- Developing tools to predict the time from initiating restoration actions to system recovery that incorporate toxicological effects, land use, and the natural variability in ecosystems.

- Developing integrated models that will help to predict realistic responses for alternative management actions, thus enabling managers to implement adaptive management strategies and move impaired ecosystems toward their restoration goals.
- Increasing the understanding of the ecological significance of restored habitats, leading to improved endpoints and more meaningful criteria for measuring restoration success
- Developing long-term time series (5-10 years) information on restoration success specific to contaminated lands.

The Restoration Program Office would utilize the additional \$217,000 in restoration support funding to direct the USGS to provide specific technical support to the trustee bureaus on meeting these scientific challenges influencing successful restoration, improving the science in the design, implementation, and monitoring of habitat or contaminant type-specific restoration projects. USGS will assist the DOI trustee bureaus on scientific challenges influencing successful restoration of NRDAR case locations using the interdisciplinary expertise of USGS scientists. Restoration science and restoring the ecological integrity of injured ecosystems are often complicated by the physical, chemical, and biological factors unique to that injured habitat and by differing levels of scientific understanding of different habitat types. For example, considerable scientific effort has been directed toward understanding wetland restoration, while approaches that lead to recovery of sea grass communities or large river ecosystems are not as well understood. Improving the science in the design, implementation, and monitoring of type-specific restoration projects will increase the understanding of issues critical to restoration success, thus benefiting the Restoration Program as a whole, not to mention the possible “technology transfer” opportunities to other DOI restoration efforts, including the Everglades, California Bay-Delta, and the recently announced Colorado River initiative. Building on these efforts to better understand and measure the ecological significance of restored habitat, the program will bring USGS technical experts together with economists and field biologists in the bureaus to develop and utilize better measures of on-the-ground outcomes in the future than the current measures of acres and miles of habitats restored.

In 2006, the increased funding would produce the following four products:

1. Science strategy document

The strategy document will lay out the multi-stage, integrated approach that is necessary to achieve the goals and objectives of the science to be done. The approach will involve multiple scientific disciplines and multiple USGS Divisions.

2. Decision matrix for classification of contaminants and habitats

This matrix will describe the full range of habitats and contaminants encountered at NRDAR assessment and restoration sites. Categorization by contaminant and habitat type will allow the program to understand the ecological variability of sites, to set priorities for developing and testing protocols over the range of habitats and contaminants, and to compare the effectiveness of different restoration practices and protocols at different types of sites.

3. Recommended protocols for evaluating restoration progress

Currently a number of scientific studies are used to assess and quantify natural resource injury during the damage assessment phase of a case. Specific laboratory and field analytical methods

will be chosen to test their applicability for evaluating restoration at the full range of habitat/contaminant site types in the matrix selected high priority.

4. Study plans for multi-year field studies

The protocols will be field tested to determine their utility and value for use at the varied types of sites and conditions described in the classification matrix. This testing will begin at selected high priority habitat/contaminant site types. Multi-year testing will allow for refinement and improvement of the protocols over the full range of habitat/contaminant combinations.

Specific outputs from subsequent years of funding and the order in which protocols and habitat/contaminant site types will be evaluated depend upon the results of the strategy and matrix to be developed in year one. The study plans developed in year one will describe possible out-year schedules for the testing of protocols at further habitat/contaminant site types from the classification matrix.

Lastly, it should be noted that such a restoration science effort could not be successfully funded with restoration funds received in settlements to date. Such settlement funds are site-specific, often with specific restoration projects in mind, and whose ownership is often shared jointly with other co-trustees. By contrast, the proposed restoration science increase would provide a broader scientific support that is habitat or contaminant-specific. It is highly unlikely that site-specific trustee councils would support using site-specific restoration settlement funds for what is intended to be a broader, overarching DOI restoration science capability.

Program Performance Summary:

Restoration activities conducted under the Restoration Support Activity support the Department's Strategic End Outcome Goal No. 1.2, Sustain Desired Biological Communities on DOI -Managed and Influenced Lands and Waters. Specifically, these restoration activities support Strategy 1 – Create Habitat Conditions for Desired Communities to Flourish by restoring habitats that have been injured by releases of oil or hazardous substances.

End Outcome Goal - Sustain desired biological communities on DOI managed or influenced in a manner consistent with obligations regarding the allocation and use of water

DOI Strategic Goal: <u>Resource Protection</u> – Sustain Biological Communities on DOI Managed and Influenced Lands and Waters in a Manner Consistent with Obligations Regarding the Allocation and Use of Water							
Strategy: Create Habitat Conditions for Desired Biological Communities to Flourish							
Intermediate Outcome Measures	FY2003 Actual	FY 2004 Actual	FY 2005 Presidents Budget	FY 2005 Revised Plan	FY 2006 Revised Plan	Change in Performance - 2005 Plan to 2006	Long-term Target (2008)
Habitat restoration: Number of acres restored or enhanced to achieve habitat conditions to support species conservation consistent with management documents, program objectives and consistent with substantive and procedural requirements of State and Federal Water Law	NA	1,100	1,250	3,500	8,500	5,000 (+243%)	20,000
Habitat restoration: Number of stream / shoreline miles restored or enhanced to achieve habitat conditions to support species conservation consistent with management documents, program objectives and consistent with substantive and procedural requirements of State and Federal Water Law	NA	11	60	50	80	30 (+60%)	195
Program Output Measures							
Cumulative sites where restoration activities have begun	126	145	176	176	200	+24	270

Note: The actual and planned acres and miles presented in this table are included among the performance results and targets presented in the Performance-Budgets of the trustee bureaus. As such, in order to avoid double-counting, these acres and miles are not included in the Department's aggregate results calculations or performance projections.

Performance is measured by the number of acres and the number of stream/shoreline miles restored in accordance with publicly approved restoration plans. For the first time, in 2004 these resource-based end outcome restoration accomplishments were collected and reported directly by the bureaus involved in the on-the ground restoration activities. In 2005, the program estimates that it will restore 3,500 acres and 50 shoreline/stream miles of habitat for injured trust resources.

In 2006, the increase will enable the restoration of 8,500 acres and 80 shoreline/stream miles of habitat for injured trust resources, an incremental increase of 5,000 acres (an increase of 242%) and 80 miles (an increase of 33%) of restored habitat.

Due to the long-term nature of many of the natural resource injuries that the Program addresses, and the ensuing need for long-term restoration and success monitoring, the Program will continue to track progress internally through the use of current output measures as well as interim reporting of resource-based outcomes.

In addition, the Program Office will continue to track and utilize interim output measures including the number of restoration plans drafted, finalized, and in stages of implementation; numbers of restorations completed; increased numbers of cooperative restorations with industry; and increased funding leveraged from restoration partnerships.

ACTIVITY: PROGRAM MANAGEMENT

Natural Resource Damage Assessment		2004 Actual	2005 Estimate	Uncontrollable & Related Charges (+ / -)	Program Changes (+ / -)	2006 Budget Request	Change From 2006 (+ / -)
Activity: Program Management	(\$000)	1,432	1,526	+49	+17	1,592	+66
	<i>FTE</i>	[4]	[4]	[0]	[0]	[4]	[0]

Activity Overview:

Program Management provides the vision, direction, management, and coordination of inter-Departmental activities necessary for the Department to carry out the Restoration Program. In short, it manages the intersection of complex interdepartmental relationships among biology, environmental toxicology, natural resource management, economics and law. The Program Management activity allocates damage assessment project funding; monitors program performance and ensures accountability; provides the framework for identifying issues that raise significant management or policy implications; develops the Department's policies and regulations for conducting and managing damage assessment and restoration cases; responds to Departmental, OMB, and Congressional inquiries; and ensures coordination among Federal, State, and Tribal governments.

2004 Activity Performance Accomplishments:

In 2004, the Restoration Program Office continued to work closely with the bureaus to develop natural resource-based performance measures, tied to the Departmental and multiple bureau strategic plans. These new measures track ecologically significant program outcomes, such as species or populations restored or enhanced, or numbers of acres or miles of habitat improved instead of the current output-oriented measures currently in use. Due to the long-term nature of many of the natural resource injuries that the Program addresses, and the ensuing need for long-term restoration and success monitoring, the Program will continue to track progress internally

through the use of current output measures as well as interim reporting of resource-based outcomes.

Resource-based outcome measures are not appropriate for measuring the performance accomplishments of the Program Management activity, as this activity provides vision, leadership, direction, management, and coordination necessary to support on-the-ground restoration by the trustee bureaus. Output measures more accurately portray accomplishments achieved within the Program Management activity. Resource-based outcomes more accurately measure on-the-ground restoration accomplishments. In 2004, the Program began implementation of case milestone reporting and received the first set of data input on Departmentally-funded damage assessment cases. This systematic approach allows the Program to better manage and report on progress toward successful conclusion of the multi-year damage assessment and restoration cases that make up the Program docket.

An analysis of how damage assessment funds were utilized by the bureaus (particularly the FWS) indicated that a portion of funds allocated for damage assessment activities were ultimately transmitted to the USGS for scientific and technical support via reimbursable agreements. As a result, DOI bureaus are now requested to identify such amounts in the project proposals. If such scientific or technical support activities are approved, funds earmarked for USGS are now transferred directly from the DOI Restoration Program to USGS, thereby eliminating the time and cost of developing and monitoring unnecessary reimbursable agreements between the bureaus as well as applicable bureau overhead costs. Savings of over \$136,000 in avoided bureau overhead charges was realized in 2004.

In 2004 the Program Office also worked closely with Departmental staff and the bureaus to further refine common Activity-Based Cost (ABC) accounting measures across bureau lines. These cross-bureau ABC measures, implemented in 2004, coalesce into three major measures – assessment, restoration, and program management. Individual bureaus and case teams will also collect data at a finer level of detail to be used in documenting costs that may be recoverable in settlement agreements.

At a national workshop held in March 2004, the Program provided training for over 120 bureau practitioners on a variety of topics including project management, damage claim development, restoration methods and other scientific and legal issues. As an indicator of increased communication and coordination with other entities, State, Tribal, and Federal co-trustees, as well as representatives from industry and the conservation community also attended the workshop.

2005 Planned Activity Performance:

In 2005, the Program will build upon the progress and accomplishments achieved in 2004 to implement common activity-based cost accounting, resource-based performance measures, and cross-bureau management tools. The Program will also continue to strengthen its coordination

and consultation with industry, environmental organizations, and other interested parties, which has focused on getting to restoration quicker and on improving the cooperative assessment process.

Sustained Program Management funding will enable the program to maintain support for bureau workgroup representation, ensuring greater integrated program management. The request includes funds for program support positions in the five primary bureaus (BIA, BLM, BR, FWS, NPS), technical support offices (USGS, Office of Policy Analysis, and Solicitor) and regional coordination (DOI Office of Environmental Policy and Compliance). The Program Office currently provides \$78,000 (approximately 0.7 FTE) to each participating bureau for workgroup participation and program support. A fully integrated Departmental program requires at least this level of bureau participation on the workgroup and Program Management Team, as well as continued regional coordination and technical support in science, economics, and the law. The request level supports the workgroup as the Program conducts its communication, consultation, and coordination activities with industry, the environmental community and Federal, State, and Tribal co-trustees. Continued cooperation and coordination with co-trustees will seek out opportunities for efficiencies and to identify and eliminate duplication of effort and process redundancies.

Program management activities in 2005 will include the following efforts to continue to develop, refine and update a number of existing administrative and policy tools, with an eye towards improved consistency and effectiveness. Among these efforts are the following:

- Economic guidance – looking at the appropriate use of economic analytical tools used in damage assessment and restoration activities.
- Procedures and standard forms for settlement documentation, including cost documentation guidance for direct and indirect costs.
- Development of a Memorandum of Understanding to integrate natural resource trustee authorities with EPA cleanup and Army Corps of Engineers Water Resources Development Act (WRDA) environmental restoration authorities.
- Cooperative assessment guidance and documents.
- Assist the Fish and Wildlife Service in their ongoing efforts to refocus their environmental contaminants program.

Continued development and broader use of these and other tools will help ensure cross-bureau consistency and compatibility of information and systems, allowing the program to serve as a model for integrated management Department-wide.

Establishment of a Restoration Program Advisory Committee

In 2005, the Program will continue to expand its coordination and partnerships with industry and non-profit groups; and identify and resolve any Department-wide or bureau-specific policy impediments to restoration. The primary vehicle for this broadened external focus will be through the establishment of a Natural Resource Damage Assessment and Restoration Advisory Committee under the Federal Advisory Committee Act (FACA). In the NRDAR process, successfully implementing a “4-Cs” approach requires more than cooperation among one Federal agency and some potentially responsible parties. The Federal statutes that authorize natural resource damage claims mandate coordination among state, tribal, and Federal agency trustees

that share management and control responsibilities for natural resources. Moreover, the regulations that implement these statutes describe an open process, with significant public involvement, in the assessment and restoration of injured natural resources. The Department – by virtue of its comprehensive trusteeship over federally managed resources and its unique status as rule-making authority for the conduct of assessments and restoration is particularly suited to sponsoring a process for seeking consensus among all interested parties, on productive alternatives to an adversarial process for restoring injured natural resources. Such a process – by promoting faster, more efficient, and more effective restoration of injured public natural resources – is clearly in the public interest, and essential to the successful administration of the Department’s responsibilities. The success of this venture depends on the interested parties working together, over time, to build consensus on complex practice issues

Since the statutes that authorize natural resource injury assessment and restoration are set up in the context of adversarial claims, having the Department merely “talk to itself” on how to best implement a more cooperative process is of limited utility. A strategy of separate meetings conducted with individual interested parties is only slightly more useful in producing consensus among all of the varied interested parties regarding cooperative approaches. What is needed is a process that allows for intensive exploration of actual practice issues, methodologies, and protocols among representatives from all interested party groups, working together in an open public forum, implemented through the Advisory Committee. The Restoration Program is involved with managing over two hundred million dollars worth of vital restoration projects, in partnership with states, tribes, non-governmental organizations, and – in some cases – responsible parties. At this time, however, there is no other advisory committee, agency, program office, or gathering that could more effectively make the “4-Cs” a regular part of the NRDAR process.

Justification of 2006 Program Changes:

Natural Resource Damage Assessment	2006 Budget Request	Program Changes (+ / -)
Activity: Program Management (\$000) FTE	1,596 4	+17 [0]

For 2006, the budget request for Program Management is \$1,596,000 and 4 FTE, a net program increase of \$17,000 from the enacted 2005 level. The requested increase will allow the Restoration Program to maintain current program levels as the Restoration Program management staff undertakes a number of internal activities, such as managing the process and activities under the Federal Advisory Committee Act (FACA), as well as externally-driven activities requiring the participation of the Restoration Program management staff such as the development and transition to the Department’s Financial Business Management System (FBMS). In addition, the Restoration Program Management Office will assist the Fish and Wildlife Service in 2006 as the Service undertakes a strategic realignment of its contaminants program to focus on restoration.

Program Performance Summary:

This activity indirectly supports the Department's Strategic End Outcome Goal No. 1.2, Sustain Desired Biological Communities on DOI-Managed and Influenced Lands and Waters, specifically Strategy 1 – **Create Habitat Conditions for Desired Communities to Flourish** by restoring habitats that have been injured by releases of oil or hazardous substances. Program management provides the corporate infrastructure and policy direction necessary to support natural resource restoration. Performance under this activity, however, is not captured directly by the resource-based Departmental strategic outcome measures such as acreage or the number of stream /shoreline miles restored in accordance with publicly approved restoration plans.

Through the current year, the Restoration Program has relied on two intermediate measures to track program performance: the cumulative number of sites where restoration activities have begun and the cumulative amount of funds deposited into the DOI Restoration Fund. During the transition to the new resource-based performance measures, the program will continue to report on these intermediate measures as well.

EXXON VALDEZ OIL SPILL RESTORATION PROGRAM

Authorities

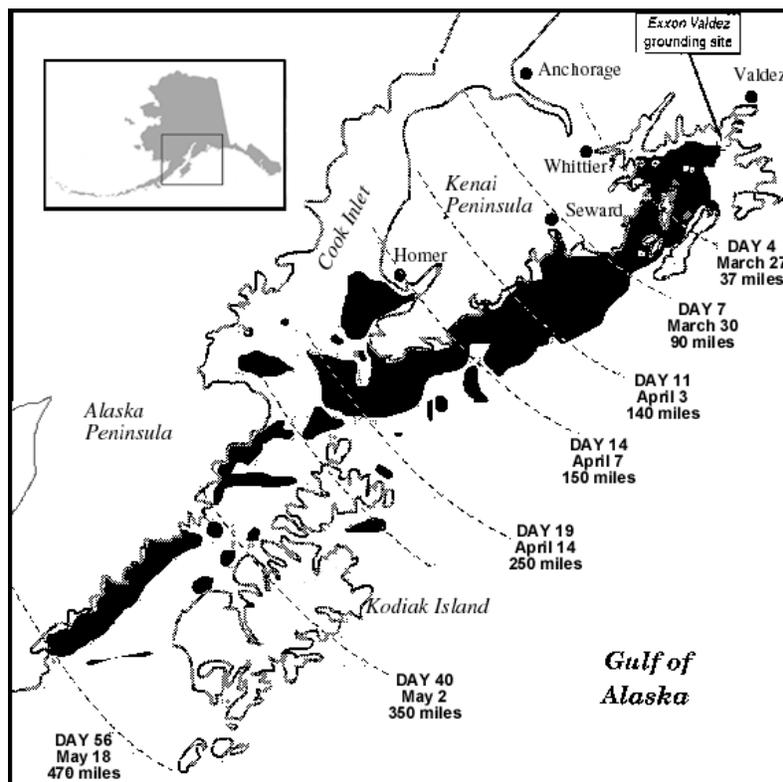
Section 207 of the 1992 Dire Emergency Supplemental Appropriations Act and Transfer for Relief from the Effect of Natural Disasters, for Other Urgent Needs, and for Incremental Costs of Operation Desert Shield/Desert Storm Act of 1992 (P.L. 102-229);

Section 311(f) of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1321 (f));

Memorandum of Agreement and Consent Decree (MOA) approved and entered on August 28, 1991, in United States v. State of Alaska, No. A91-081 CV, and the Agreement and Consent Decree (Consent Decree) approved and entered on October 8, 1991, in United States v. Exxon Corporation, et al, No. A91-082 CV and State of Alaska v. Exxon Corporation, et al, No. A91-083 CV; and Plea Agreement in United States v. Exxon Corporation, et al, No. A90-015-1CR & 2CR.

Background

In March of 1989, the tanker Exxon Valdez ran aground on Bligh Reef in Prince William Sound, Alaska, spilling approximately 11 million gallons of North Slope crude oil. Over the next four weeks, the oil moved through southwestern Prince William Sound, into the Kodiak Island archipelago and along the western coast of the Gulf of Alaska, causing extensive injury to natural resources and services (human uses) in the spill impact area.



Immediately following the spill, efforts were initiated to clean the oiled beaches and assess the extent of damage. Federal agencies, the State of Alaska, local governments, native organizations, private citizens, and the Exxon Corporation and its contractors mobilized response efforts. In the water, containment booms were deployed to corral the oil. On the beaches, high-pressure hot-water washing, manual rock washing, and bioremediation techniques were among the methods used to remove oil from the shoreline.

Civil Settlement and EVOS Investment Fund: In October 1991, the U.S. District Court approved a civil settlement for claims by the federal and state governments for recovery of damages resulting from the spill as well as a plea agreement that resolved various criminal charges against Exxon. Exxon agreed to pay \$900 million with annual payments stretched over a 10-year period. The final payment was made in September of 2001. The Consent Decree with Exxon also included a reopener provision valid between September 2002 and September 2006, that provides an opportunity for the Trustee governments to claim up to an additional \$100 million to restore natural resources that suffered a substantial loss, the injury of which could not have been known or anticipated from data available at the time of the 1991 settlement.

Under terms of the civil settlement, certain costs relating to cleanup, damage assessment and litigation were recognized as eligible for reimbursement to the governments. All reimbursements due the Federal agencies have been completed and the money deposited into separate accounts within those agencies for use in accordance with applicable law. This included \$11.7 million to the Department of the Interior, \$20.2 million to the Department of Agriculture, \$17.5 million to the Department of Commerce, \$15.7 million to the Coast Guard and \$4.5 million to the Environmental Protection Agency. Reimbursements due the State of Alaska were satisfied with the last payment, made in September 2001. In addition, the agreement stipulated that Exxon continue to perform cleanup work and was entitled to a credit against future payments.

The civil settlement and Investment Fund is controlled by the provisions of the MOA and the Consent Decree. The governments act as co-trustees in the collection and use of all natural resource damage recoveries as a result of the oil spill. The Trustee Council consists of three State Trustees (AK Dept. of Fish & Game, AK Dept. of Environmental Conservation, AK Dept. of Law) and three Federal Trustees (Interior, Commerce (NOAA), and Agriculture (Forest Service), who jointly oversee the restoration of the injured ecosystem through the use of the civil settlement funds. The MOA provides the rules for spending natural resource damage recoveries. These rules stipulate that the civil settlement and restoration funds must be used “.....for the purposes of restoring, replacing, enhancing, or acquiring the equivalent of natural resources injured as a result of the oil spill and the reduced or lost services provided by such resources.....’ Additionally, the MOA requires that all decisions.....shall be made by the unanimous agreement of the Trustees”.

Since complete recovery from the *Exxon Valdez* oil spill may not occur for decades, the Trustee Council recognized the need for settlement funds to support restoration activities beyond the last Exxon payment received in September 2001. After a year and a half of public review and meetings throughout the spill region, in March of 1999, the Trustee Council adopted a resolution concerning long-term restoration needs. The resolution called for the continuation of its dual efforts of marine science and habitat protection as the best long-term approach for restoration of

the oil spill-damaged ecosystem, with special emphasis in the future on monitoring and research. The resolution also led to the creation of the Exxon Valdez Oil Spill (EVOS) Investment Fund. In October 2000, pursuant to Court Order and Public Law 106-113, all civil settlement balances held in the Court Registry Investment System, including any future payments, (net of reimbursements) were placed into an account with the Alaska Department of Revenue, to be invested according to the Trustee Council's approved policies in a mix of domestic and international equities and fixed income. In October of 2002, at the direction of the Trustee Council, the funds in the EVOS Investment Fund were divided into three distinct accounts within the Investment Fund: the Research sub-account; the Habitat sub-account; and the Koniag sub-account.

Table 1

PAST AND ESTIMATED FUTURE USES

(Dollars in Millions)

<u>TOTAL RESTORATION FUNDING (as of 9/30/04)</u>		<u>\$968.6</u>
Exxon Payments	900.8 (a)	
Accrued interest (minus fees)	67.8	
<u>EXPENDITURES</u>		
Reimbursement for Damage Assessment and Response		<u>(\$216.4)</u>
Governments (including litigation and cleanup)	176.5	
Exxon (for cleanup after 1/1/92)	39.9	
Research, Monitoring and General Restoration		<u>(\$179.9)</u>
FY 1992 - FY 2004 Work Plans & Special Projects	174.0	
FY 2005 Work Plan & Special Projects (authorized to date)	3.5	
FY 2006 Work Plan & Special Projects (authorized to date)	2.2	
FY 2007 Work Plan & Special Projects (authorized to date)	0.2	
Habitat Protection and Acquisition		<u>(\$407.4)</u>
Large Parcel and Small Parcel habitat protection programs (past expenditures, outstanding offers, estimated future commitments and parcel evaluation costs)		
Public Information, Science Management & Administration		<u>(\$36.5)</u>
FY 1992 - FY 2004 Work Plans	32.6	
FY 2005 Work Plan (authorized to date)	1.8	
FY 2006 Work Plan (authorized to date)	2.1	
<u>INVESTMENT FUND BALANCES</u>		<u>\$128.4</u>
Restoration	98.4	
Habitat Protection	30.0	
Koniag	[36.7] (c)	

(a) Reimbursements to governments reduced by \$2.7 million included in the FY92 Work Plan.

(b) Includes investment earnings as of 9/30/04.

(c) Koniag conservation easement funds are included in the Habitat Protection and Acquisition totals shown above, but remain invested with incremental payments paid annually.

Past and estimated future uses of the civil settlement are outlined in Table 1. Future costs in the table are estimates made for planning purposes. The Trustee Council will base actual funding decisions upon the determination of what is necessary for restoration at that particular time.

Another important aspect of the Consent Decree and MOA is the requirement to provide for meaningful public participation, including establishment of a public advisory group to advise the Trustees. The Trustee Council formed the Public Advisory Group (PAG) in October 1992. In 2002, a new charter was approved, renaming the PAG the Public Advisory Committee. The Committee now consists of twenty members who reflect a balanced representation from the public at large, as well as members from 14 principal interests.

Criminal Plea Agreement and Restitution Fund: As part of the criminal plea agreement in 1992, the court fined Exxon \$150 million. The court remitted \$125 million in recognition of Exxon's cooperation in cleaning up the spill and paying private claims. Of the remaining \$25 million, the court directed \$12 million to the North American Wetlands Conservation Fund and \$13 million to the Victims of Crime Fund. Exxon also paid restitution of \$50 million to the United States and \$50 million to the State of Alaska. The \$50 million paid to the United States was deposited in the DOI Natural Resource Damage Assessment and Restoration Fund where available balances earn interest until expended. The Federal Restitution Fund is discussed at the end of the Exxon Valdez section.

Exxon Valdez Program Performance Measures

The overall mission of the Trustee Council is to restore the environment injured by the *Exxon Valdez* oil spill to its pre-spill status as a healthy, productive ecosystem while taking into account the importance of the quality of life and the need for viable opportunities to establish and sustain a reasonable standard of living. The success of the program has been and will continue to be measured against the recovery of individual resources or services. Indicators of recovery include increased numbers of individuals, reproductive success, improved growth and survival rates, and normal age and sex composition of the injured population. However, for some species, actual injury and recovery may never be completely known.

In general, resources and services are deemed to have recovered when they return to conditions that would have existed had the spill not occurred. For resources that were in decline before the spill, recovery may consist of stabilizing the populations at a lower level. For some resources, little is known about their pre-spill status; therefore the nature and extent of injury and recovery are difficult to define. However, full ecological recovery involves restoring the ecosystem as well as restoring the individual resources. The ecosystem will have recovered when the population of flora and fauna are again present at former or pre-spill abundances, healthy and productive; there is a full complement of age classes at the level that would have been present had the spill not occurred; and the public has the same opportunities for the use of resources as they would have had if the oil spill had not occurred.

Based on injuries identified through damage assessment, the Trustee Council developed a List of Injured Resources and Services, which was included in the Restoration Plan, consisting of 28 distinct resources or species, as well as identifying lost or diminished human services. In August of 2002, the Trustee Council adopted an updated List of Injured Resources and Services (See Table 2). Of the 28 species or resources listed, seven are considered to have fully recovered

from the devastating effects of the spill. This represents the addition of five resources to the previous list published in 1999. The Trustee Council declared archeological resources, the black oystercatcher, common murre, pink salmon, and sockeye salmon to be fully recovered, joining the bald eagle and the river otter as the other species to have bounced back completely from the oil spill injuries. Further, the Trustee Council declared in August 2002 that the human services of subsistence, commercial fishing, recreation/tourism and passive use are each recovering from the spill, but have not fully recovered. An update to the injured resources listing will be issued in 2006.

Table 2		
LIST OF INJURED RESOURCES AND SERVICES		
Updated August 2002		
<u>INJURED RESOURCES:</u>		
<u>Recovered</u>		
<u>Archaeological resources *</u>	<u>Common murre</u>	<u>Sockeye salmon</u>
Bald eagle	<u>Pink salmon</u>	
<u>Black oystercatcher</u>	River otter	
* Archaeological resources are not renewable in the same way that biological resources are, but there has been significant progress toward the recovery objective.		
<u>Recovering</u>		
Clams	Killer whale (AB pod)	Sea Otter
<u>Designated wilderness</u>	Marbled murrelet	Sediments
Intertidal communities	Mussels	
<u>Not Recovered</u>		
Common loon	Harbor seal	<u>Pacific herring</u>
Cormorants (3 species)	Harlequin duck	Pigeon guillemot
<u>Recovery Unknown</u>		
Cutthroat trout	Kittlitz's murrelet	Subtidal communities
Dolly Varden	Rockfish	
<u>LOST OR REDUCED HUMAN SERVICES:</u>		
<u>Recovering</u>		
Commercial fishing		
Passive uses		
Recreation and tourism (sport fishing, sport hunting and other recreational uses)		
Subsistence		
NOTE: Those resources that have been re-categorized in the August 2002 update are underlined.		

2005 Work Plan and Associated Projects: The 2005 Exxon Valdez work plan incorporates the second full year of the Gulf Ecosystem Monitoring and Research (GEM) Program, along with other ongoing restoration and research projects. (www.evostc.state.ak.us) The 2005 budget totals \$5.3 million, as identified below in Table 3. Additional dollars are released as needed, primarily for approved land acquisition activities. For 2006 and beyond, the annual Work Plan will consist of three major components. These are continued investigations of the effects of lingering oil, reaching closure on the injured resources and human resources list, and long-term baseline monitoring research and restoration.

Table 3	
2005 EVOS Trustee Council Workplan Budget	
(Dollars in Millions)	
	2005 Authorized Budget
Total, 2005 External Projects	\$3.50
(Authorized as of November 10, 2003)	
Total, 2005 Internal Projects	\$1.80
(Authorized as of September 3, 2003)	
Total, 2005 Authorized	\$5.30
Total, 2006 Authorized External Projects	\$2.20
Total, 2007 Authorized External Projects	\$0.30
Total, 2005-2007 Authorized	\$7.80

Gulf of Alaska Ecosystem Monitoring and Research (GEM) Program

The northern Gulf of Alaska provides hundreds of millions of dollars in income from the seafood, recreation, and tourism industries, as well as significant subsistence resources upon which many Alaskans depend. A comprehensive understanding of the Gulf of Alaska and the ability to share such information is critical managing human impacts on the gulf's ecosystem and thereby sustaining the human activities that rely on it. To that end, the Exxon Valdez Trustee Council recently began implementation of the GEM Program. Funded with an endowment of approximately \$90 million from the Exxon Valdez settlement, the GEM program is the ultimate legacy of the EVOS Restoration Program. The mission of the GEM program is to sustain a healthy and biologically diverse marine ecosystem in the northern Gulf of Alaska, through a long-term commitment to collect and analyze data and to promote future science-based natural resource stewardship decision-making. The GEM Program development is scheduled to occur

through 2007 (see table 4) and to promote future science-based natural resource stewardship decision-making. Table 4 provides the timeline of the GEM Program development.

*	March 1999	Trustee Council decides to endow GEM Program.
*	2000	Draft GEM Program developed.
*	2000 - 2002	Intensive review by public, resource agencies, user groups, scientists, and the National Research Council.
*	Fall 2002	GEM Program officially begins, focusing on synthesis of existing data.
*	2003	Pilot monitoring projects begin.
*	2003 - 2007	Components added until program fully implemented.

At the heart of the GEM Program is a core monitoring program, which is combined with other monitoring efforts conducted by other resource agencies and researchers, seeks to leverage funding, and is aimed at detecting long-term environmental change over time. Foremost in the process is the ability to detect environmental change and distinguish between natural forces and human-caused impacts. The process incorporates interagency cooperation and collaboration, along with significant community involvement to provide accessible and informative data of the Gulf of Alaska ecosystem. Numerous opportunities for public involvement will include the use of citizen volunteers to assist in observations and data gathering, and Alaskan Natives will be consulted for traditional resource knowledge.

The GEM program recognizes that science-based marine resource management, including oil spill response strategies, require an ecosystem approach which takes into consideration multiple complex processes and dynamic relationships. GEM research consists of two principal areas of study, natural changes and potential impacts of human activity. Natural changes research focuses on the effects of climate and oceanography on the natural resources of the gulf. Research into the potential impacts of human activity focuses on the impacts of fishing, tourism, oil spills and other contaminants, and subsistence activities, all in an effort to establish critical baseline data for launching effective oil spill response actions and for understanding and mitigating oil spill damages. Ultimately this information can also be used by resource managers to set reasonable standards to ensure human activities are sustainable.

The GEM Program is organized into the study of four general habitat types, which are watersheds, intertidal and subtidal zones, the Alaska Coastal Current, and offshore habitat. These systems are highly interdependent, thus there will be significant overlap in their respective studies. Intensive studies within each habitat will illuminate patterns that can be compared to

patterns revealed in the other habitats, helping scientists better understand the relationships between these habitats and distinguish the forces that affect productivity in each habitat type.

Watersheds: Watersheds are freshwater and terrestrial habitats from the mountains to the extent of a river's plume. They provide rearing habitat for anadromous fish and seabirds such as murrelets and their rivers are pathways for nutrient exchange between terrestrial and marine ecosystems. Woody debris and vegetation from land are also imported to the marine environment, providing a carbon source and habitat for some species. Rivers also deposit iron, sediments and sometimes pollution and contaminants, all of which have varying effects on the sea life downstream. As rocks are worn down by glaciers and weathering, minerals and silt are carried by rivers to the ocean. Development and clear-cut logging can affect watersheds by removing vegetation and increasing soil erosion. Contaminants found in watersheds may be of local origin, and indeed, most contaminated watersheds are located near towns and cities. However, contaminants are also introduced by atmospheric processes from as far away as Asia. So far, contaminants from far-away sources have been detected only at very low levels.

Intertidal and Subtidal Habitat: These areas of the nearshore habitat are brackish and salt-water coastal habitats which extend offshore to 20 meters in depth. These shallow areas are some of the most productive habitats in the Gulf of Alaska and may be the most threatened. These habitats were the most severely affected by the Exxon Valdez oil spill and many still harbor oil. In general, these areas have abundant invertebrates such as barnacles, crabs and shellfish and juveniles of many species.

Nearshore habitats provide important feeding grounds for larger animals. Terrestrial and aquatic birds, mammals, invertebrates, large fish and even humans depend on food from these rich meeting places of sea and river nutrients. In addition to their importance as feeding grounds, these areas provide nurseries for young marine organisms, unique habitats for specialized animals and are major sources of seaweed production. At the same time, contaminants such as persistent organic pollutants (POPs) may be found in high concentrations in several invertebrate species of the inter- and subtidal zones, providing pathways and potential threats to wildlife and human health. For research purposes, some invertebrate species make excellent biological pollution indicators.

Alaska Coastal Current: Just beyond the subtidal zone up to about 30 miles offshore flows the Alaska Coastal Current. This low-salinity channel extends from the mouth of the Columbia River to the end of the Alaska Peninsula. The current is shaped by the tremendous influx of freshwater from the glaciers and thousands of streams flowing into the gulf. Because it is fed in part by ice melt, the current flows at its maximum in late summer and at its minimum in winter. The Alaska Coastal Current is an ever-changing part of the gulf that plays many important ecological roles. For example, it supplies plankton to Prince William Sound and carries fish and invertebrate eggs from one place to another. However, the same coastal flow that benefits so many species may also distribute marine pollutants as seen in the Exxon Valdez oil spill. A future toxic spill could spread across the entire gulf by this current.

The success of many species depends on the specific shape of the current, which is influenced by climate, season and sea-floor topography. Juvenile pollock are kept in areas rich in food supply by eddies, circular side currents formed as larger currents move around land masses.

Oceanographic features can have a major influence on biological production in the water column, so understanding how they work provides an important piece of the ecological puzzle.

Offshore Habitat: The offshore region refers to the continental shelf break and the Alaska gyre, a large-scale counterclockwise circulation off the coast. Most large animals of the outer continental shelf and deep sea are fish, the most common being flounder, ocean perch, pollock, halibut and cod. Salmon also use this habitat before they return to the watersheds to spawn. One of the most important processes in this part of the gulf is upwelling, which occurs slowly in the middle of the gyre and at a higher rate in the summer over the shelf break. This upward lift pulls rich deep-sea nutrients to the surface where they can be used by photosynthetic phytoplankton, the primary producers of the marine ecosystem. This process is mediated by climate, especially the Pacific Decadal Oscillation, which can slow down or speed up the wind-driven transport (and perhaps the supply) of deep-water nutrients across the shelf to support inshore production. Offshore currents may also carry pollutants originating from as far away as Asia or from deep-ocean dumping and accidents at sea.

Habitat Protection

Habitat protection and acquisition is one of the principal tools of restoration. The long-term protection of threatened habitat, considered essential for the well-being and recovery of species injured by the oil spill, has been and continues to be a key component of the Exxon Valdez restoration program. The Trustee Council has dedicated nearly 60 percent of the available settlement funds – roughly \$407 million – for habitat protection efforts totaling nearly 645,000 acres in the spill region. Habitat protection efforts have focused on the acquisition and protection of key habitats, preventing further damage from extensive development and logging, and allowing the ecosystem to recover. Additional benefits accrue to commercial fishing, subsistence, recreation, and tourism, all of which are dependent upon a healthy productive ecosystem.

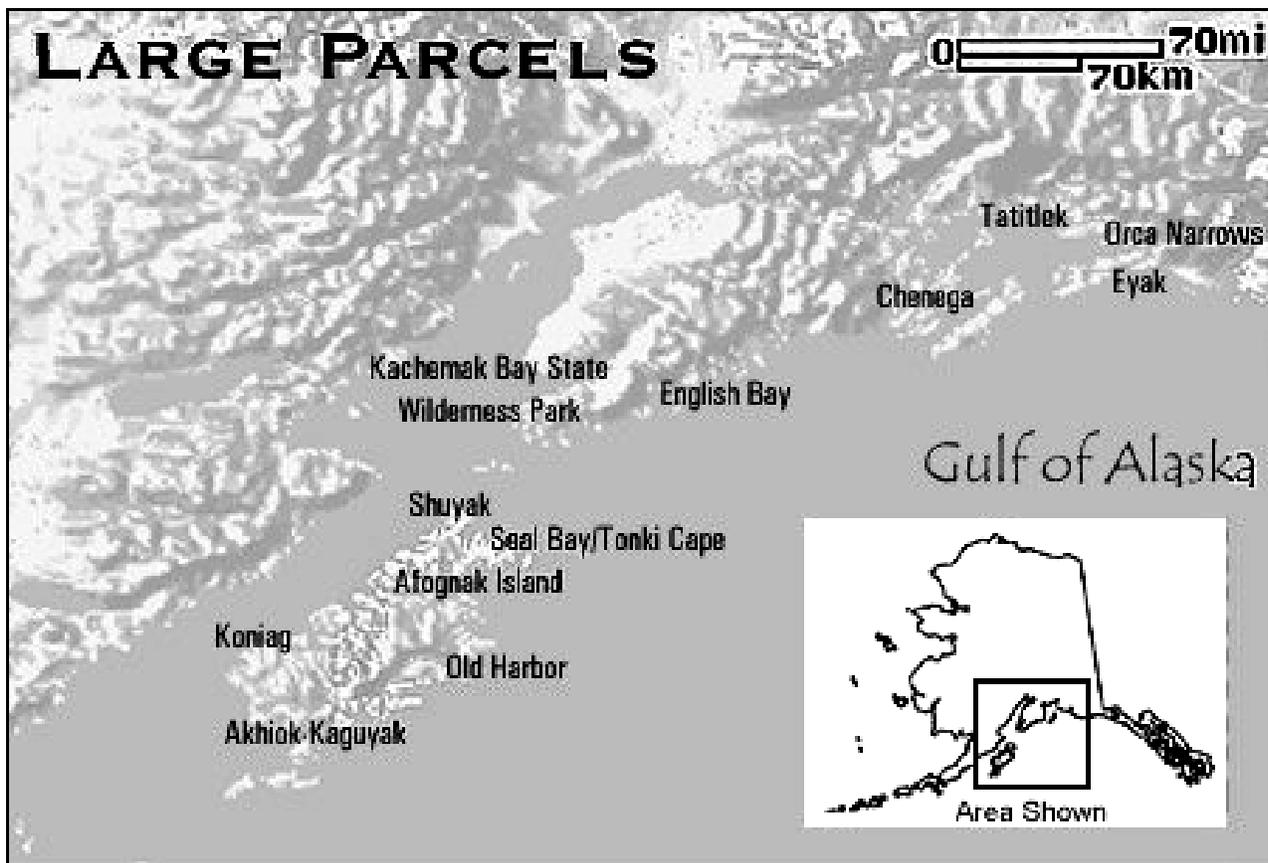
In March 1999, the Council unanimously elected to set aside \$25 million for ongoing small parcel acquisitions. The Trustee Council is considering focusing on small tracts of valuable habitat. The Trustee Council has not yet decided on how to manage these funds. If managed as an endowment, and after inflation proofing, investment earnings from the endowment are expected to be about \$1.25 million per year, or as an alternative, the Trustees could elect to spend the \$25 million principal. In either case, the acquisition program will focus primarily on small tracts of valuable habitat

The Exxon Valdez habitat protection program was split into two programs based on the size of the land purchases: Large Parcel (generally in excess of 1,000 acres); and Small Parcels (less than 1,000 acres).

Large Parcel Program

The large parcel acquisitions are completed for the exception of the Koniag easement. Most large parcels acquired by the Trustee Council were owned by Native corporations. The Large Parcel Program worked only with willing sellers to craft protection agreements that provided for the highest of benefits to the resources, Native Alaskans and the general public. Lands were protected through a creative mix of fee simple purchases, conservation easements and timber easements. Some agreements also provided for the retention of Alaskan Native shareholder

home sites as an allowed use. Most agreements provided for public access for camping, hunting and fishing, restricted development, and maintaining subsistence uses, while protecting injured resources and providing economic benefits to the Native corporations.



The Trustee Council's Large Parcel Program is essentially complete, with over 635,000 acres protected throughout the spill region. Table 5 on the following page reflects those large parcels protected in terms of acreage, coastal miles, and salmon rivers.

Small Parcel Program - The Small Parcel program focuses on the acquisition and protection of smaller tracts of land, typically 1,000 acres or less. These small parcels are located throughout the spill region – on coves, along important stretches of river, at the mouth of rivers, adjacent to valuable tidelands, and often close to spill-area communities. Such parcels possess unique habitat qualities and strategic restoration values for natural resource recovery, as well as for recreational and subsistence use.

All small parcels are purchased from willing sellers. The nomination period is open-ended and nominations continue to be received and evaluated. As of January 2004, over 9,000 acres have been acquired through the program. The Small Parcel program is broken down into three principal regions: Prince William Sound; Cook Inlet / Kenai Peninsula; and Kodiak Island / Alaska Peninsula. Table 6 shows the current summary of small parcel purchases.

Table 5

COMPLETED LARGE PARCEL ACQUISITIONS

Parcel Description	Acreage	Coastal Miles	Salmon Rivers	Total Price	EVOS Trustee Share	Other
Afognak Joint Venture	41,750	99	18	\$74,023,342	\$74,023,342	\$0
Akhiok-Kaguyak, Inc.	115,973	202	39	\$46,000,000	\$36,000,000	\$10,000,000
Chenega	59,520	190	45	\$34,000,000	\$24,000,000	\$10,000,000
English Bay	32,537	123	31	\$15,371,420	\$14,128,074	\$1,243,346
Eyak	75,425	189	80	\$45,129,854	\$45,129,854	\$0
Kachemak Bay State Park 1/	23,800	37	3	\$22,000,000	\$7,500,000	\$14,500,000
Koniag (fee title)	59,674	41	11	\$26,500,000	\$19,500,000	\$7,000,000
Koniag (limited easement) 2/	55,402			\$32,100,000	\$31,950,000	\$150,000
Old Harbor 3/	31,609	183	13	\$14,500,000	\$11,250,000	\$3,250,000
Orca Narrows	2,052		2	\$3,450,000	\$3,450,000	\$0
Seal Bay / Tonki Cape	41,549	112	5	\$39,549,333	\$39,549,333	\$0
Shuyak Island	26,665	31	8	\$42,000,000	\$42,000,000	\$0
Tatitlek	69,814	212	50	\$34,719,461	\$24,719,461	\$10,000,000
Large Parcel Totals	635,770	1,419	305	\$429,343,410	\$373,200,065	\$56,143,345

1/ For Kachemak Bay State Park inholdings, other funding is a State of Alaska contribution of \$7 million from the Exxon plea agreement and \$7.5 million from the civil settlement with the Alyeska Pipeline Service Company. For all other parcels, funding from other sources consists of a Federal contribution from the Exxon plea agreement.

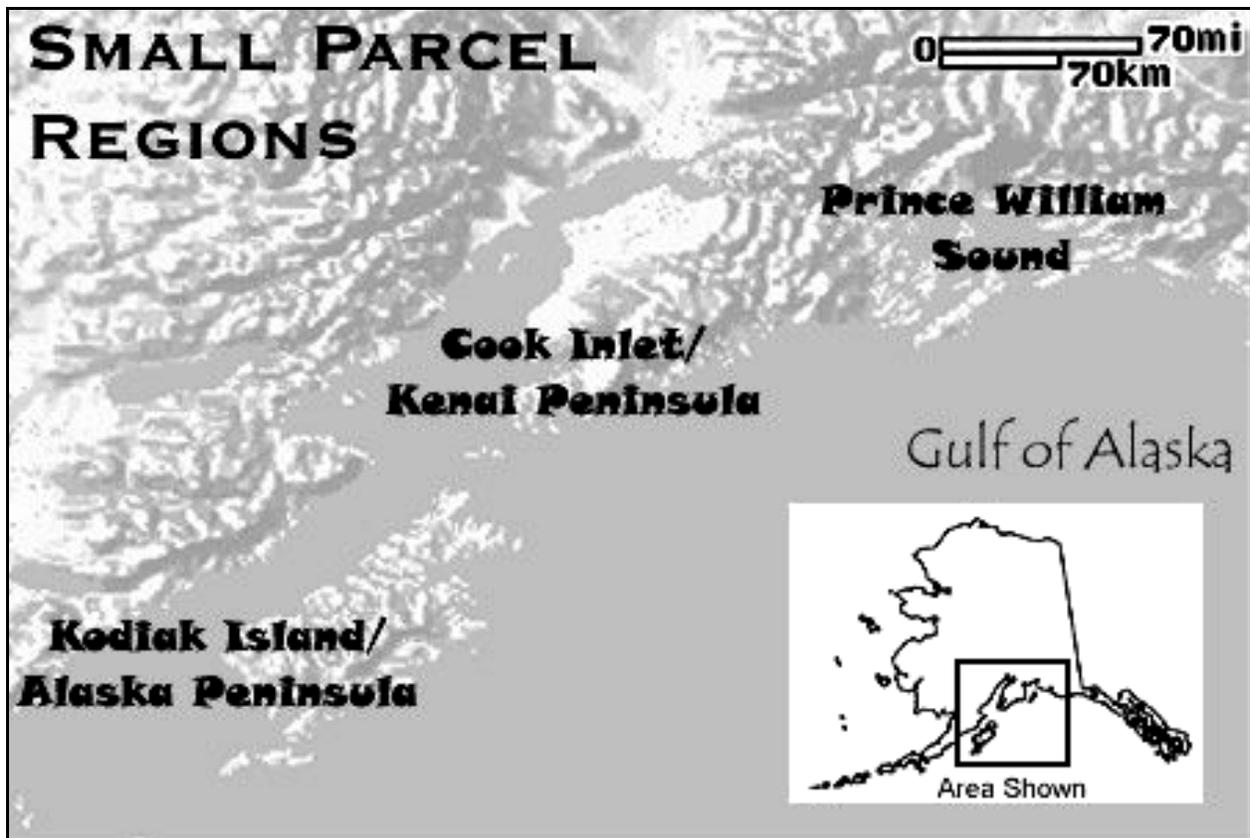
2/ Thus far, the Trustee Council has paid \$2,150,000 from civil settlement funds (along with an additional \$150,000 from other sources (EVOS criminal settlement)). Through July 2012, the Trustee Council will pay an additional \$4,554,504 for the easement. Koniag can then choose whether to accept the remainder of the earmarked funds to sell the land in fee.

3/ As part of the protection package, the Old Harbor Native Corporation agreed to protect an additional 65,000 acres of land on Sitkalidak Island as a private wildlife refuge.

Table 6

COMPLETED SMALL PARCEL ACQUISITIONS

	Total Acres	Value
Prince William Sound	1,391.9	\$3,037,300
Cook Inlet / Kenai Peninsula	5,795.6	\$16,293,100
Kodiak / Alaska Peninsula	2,049.9	\$3,034,050
Totals	9,237.4	\$22,364,450



Protection of the Kenai River has been a primary focus of the small parcel program. The Trustee Council has acquired nearly 5,000 acres along the Kenai River and its tributaries, including the Kasilof, Ninilchik, and Moose Rivers. Some of the Kenai River parcels have been developed to provide appropriate access to the river, including parking, sanitation facilities, and light-penetrating grated walkways to protect the riverbank vegetation from getting trampled during the sport fishing season. This provides access while allowing other public areas to recover from the impacts of overuse. In addition to the funds spent on acquisition, the Trustee Council also contributed nearly \$2 million to restore riverbank habitat that was degraded from trampling. In the Kodiak Archipelago, the Trustee Council has protected nearly 1,900 acres in small parcels, including 105 acres in Three Saints Bay, one of the most scenic bays in the archipelago, and 56 acres at the mouth of the Ayakulik River, which is second only to the Karluk River for sockeye and chinook salmon production potential.

Koniag Inc.

In December 1995, the federal government entered into an agreement to purchase from Koniag, Inc., surface title to 59,674 acres of prime habitat for bear, salmon, bald eagles, and other species in the Kodiak National Wildlife Refuge. The Exxon Valdez Trustee Council contributed \$19.5 million to this acquisition and the federal government contributed \$7 million from the federal restitution fund, for a total purchase price of \$26.5 million. The 1995 agreement also protected through a non-development easement an additional 55,402 acres along the Karluk and Sturgeon rivers until December 2001, in order to provide the Trustee Council and Koniag Inc. additional time to work out an agreement for the long-term protection of these lands. The Trustee Council paid an additional \$2.0 million for this original non-development easement.

In 2002, Koniag and the Trustee Council closed on an agreement that provided for a ten to twenty-year conservation easement for these lands, with an option for Koniag to sell these lands to the United States. The Trustee Council has placed \$29,800,000 into a special account within the EVOS Investment Fund for such an acquisition. Earnings from the Koniag account are used to make annual payments to Koniag for the conservation easement. For each entire year that the conservation easement is in effect, an annual payment from the Koniag sub-account shall be made. To date, \$777,689 has been paid. The balance of the Koniag fund as of September 30, 2004 is \$36.7 million, and has earned \$7.8 million in interest. In the event Koniag decides to sell these lands to the United States, Koniag will receive the balance of funds remaining in the special account.

Federal Criminal Restitution Fund Program for Restoration

As part of the criminal settlement, Exxon agreed to pay restitution of \$50 million to the United States and \$50 million to the State of Alaska. While the criminal restitution funds are not under the authority of the Trustee Council, the governments have coordinated activities funded through the criminal settlement to maximize restoration benefits. The Trustees continue to use the criminal settlement funds and earned interest within the context of the Restoration Plan and FEIS published by the Trustee Council. Allocations of the Federal Restitution Fund are reflected in Table 7.

Table 7				
FEDERAL CRIMINAL RESTITUTION FUNDS				
(dollars in thousands)				
Deposit (December 1991)				50,000
Interest Income (as of January 2005)				13,345
				\$63,345
ALLOCATION OF CRIMINAL RESTITUTION FUNDS				
PROJECT PURPOSE:	INTERIOR	USFS	NOAA	
Small Parcel Land Acquisition	9,540	1,571	0	
Large Parcel Land Acquisition	20,500	20,000	0	
Restoration Projects	0	868	0	
Shoreline Monitoring	0	0	3,390	
Oil Spill Research	0	0	6,648	
Projects Approved to Date	\$30,040	\$22,439	\$10,038	\$62,516
				\$829
				Balance Available for Additional Work

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**DEPARTMENT OF THE INTERIOR
NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION
RESTORATION FUND**

Program and Financing (in thousands of dollars)

Identification code 14-1618-0-1-302	2004 Actual	2005 Estimate	2006 Estimate
<u>Obligations by program activity:</u>			
Direct Program:			
00.01 Damage Assessments	7,742	6,490	6,400
00.02 Prince William Sound Restoration	1,534	1,800	1,700
00.03 Other Restoration	14,233	20,280	20,450
00.04 Program Management	1,885	1,900	1,900
00.91 Total, direct program	25,394	30,470	30,450
<u>Budgetary resources available for obligation:</u>			
21.40 Unobligated balance carried forward, start of year	169,911	183,184	186,701
22.00 New budget authority (gross)	41,090	36,387	36,756
22.10 Resources available from recoveries of prior year obligations	1,030	1,000	1,000
22.21 Unobligated balance transferred to other accounts:	-3,453	-3,400	-3,400
Funds Transferred to DOC/NOAA 13-4316)	[-2,953]	[-3,400]	[-3,400]
Funds Transferred to DOI/BLM/CHF 14-1121)	[-500]	[0]	[0]
23.90 Total budgetary resources available for obligation	208,578	217,171	221,057
23.95 New obligations	-25,394	-30,470	-30,450
24.40 Unobligated balance carried forward, end of year:	183,184	186,701	190,607
<u>New budget authority (gross), detail:</u>			
Discretionary:			
40.00 Appropriation (definite)	5,633	5,818	6,106
40.35 Appropriation permanently reduced	-69	-81	0
43.00 Appropriation (total)	5,564	5,737	6,106
Mandatory:			
60.25 Appropriation (Special fund, Indefinite)	36,860	32,000	32,000
61.00 Transferred to Other Accounts: (Funds Transferred to DOC/NOAA 13-4316)	-1,334 [-1,334]	-1,350 [-1,350]	-1,350 [-1,350]
62.50 Appropriation (total mandatory)	35,526	30,650	30,650
70.00 Total new budget authority (gross)	41,090	36,387	36,756

**DEPARTMENT OF THE INTERIOR
NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION
RESTORATION FUND**

Program and Financing (in thousands of dollars)

Identification code 14-1618-0-1-302	2004 Actual	2005 Estimate	2006 Estimate
<u>Change in unpaid obligations:</u>			
72.40 Obligated balance, start of year	7,520	9,789	10,424
73.10 New obligations	25,394	30,470	30,450
73.20 Total outlays, gross (-)	-22,095	-28,835	-33,194
73.45 Adjustments in unexpired accounts	-1,030	-1,000	-1,000
74.40 Obligated balance, end of year	9,789	10,424	6,680
<u>Outlays, (gross) detail:</u>			
86.90 Outlays from new current authority	4,768	4,016	4,274
86.93 Outlays from current balances	2,044	1,669	3,870
86.97 Outlays from new permanent authority	2,450	3,350	3,450
86.98 Outlays from permanent balances	12,833	19,800	21,600
87.00 Total outlays (gross)	22,095	28,835	33,194
<u>Net budget authority and outlays:</u>			
89.00 Budget authority	41,090	36,387	36,756
90.00 Outlays	22,095	28,835	33,194
<u>Investments in U.S. securities</u>			
92.01 Total investments, start of year U.S. securities, par value	153,273	168,016	193,500
92.02 Total investments, end of year U.S. securities, par value	168,016	193,500	219,500

**DEPARTMENT OF THE INTERIOR
NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION
RESTORATION FUND**

Object classification (in thousands of dollars)**Identification code 14-1618-0-1-302**

	2004 Actual	2005 Estimate	2006 Estimate
<u>DIRECT OBLIGATIONS</u>			
Personnel compensation:			
11.1 Full-time permanent	420	605	623
11.3 Other than full-time permanent	5	5	5
11.5 Other personnel compensation	9	10	10
11.9 Total personnel compensation	434	620	638
12.1 Civilian personnel benefits	103	155	166
21.0 Travel and transportation of persons	29	40	50
23.1 Rental payments to GSA	37	43	57
23.3 Communications, utilities, and miscellaneous charges	2	2	2
24.0 Printing and reproduction	2	4	5
25.2 Other services	2,565	4,267	4,350
25.3 Purchases of goods & services from other govt. accounts	187	200	200
26.0 Supplies and materials	8	5	5
99.9 Subtotal, direct obligations	3,367	5,336	5,473
<u>ALLOCATION ACCOUNTS</u>			
Personnel compensation:			
11.1 Full-time permanent	4,025	4,380	3,495
11.3 Other than full-time permanent	854	900	900
11.5 Other personnel compensation	151	100	100
11.9 Total personnel compensation	5,030	5,380	4,495
12.1 Civilian personnel benefits	1,344	1,665	1,543
13.0 Benefits for former personnel	4	0	0
21.0 Travel and transportation of persons	537	585	640
22.0 Transportation of things	47	30	35
23.1 Rental payments to GSA	587	200	210
23.2 Rental payments to others	1	5	5
23.3 Communications, utilities, and miscellaneous charges	87	100	105
24.0 Printing and reproduction	23	25	30
25.1 Advisory and assistance services	907	480	450
25.2 Other services	4,029	7,039	7,074
25.3 Purchases of goods & services from other govt. accounts	128	1,800	1,890
25.4 Operation & maintenance of facilities	16	25	50
25.6 Medical care	1	0	0
25.7 Operation & maintenance of equipment	46	50	50
25.7 Subsistence and support of persons	8	0	0
26.0 Supplies and materials	401	500	500
31.0 Equipment	371	400	400
32.0 Land and structures	1,588	2,100	2,000
41.0 Grants	6,872	4,750	5,500
99.0 Subtotal obligations - Allocation Accounts	22,027	25,134	24,978
99.9 Total obligations	25,394	30,470	30,450

**DEPARTMENT OF THE INTERIOR
NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION
RESTORATION FUND**

Obligation Summary (in thousands of dollars)

Identification code 14-1618-0-1-302	2004 Actual	2005 Estimate	2006 Estimate
Obligations are distributed as follows:			
Natural Resource Damage Assessment Program Office	3,367	5,336	5,473
Bureau of Indian Affairs	1,241	1,340	1,300
Bureau of Land Management	430	470	400
Bureau of Reclamation	105	100	80
Fish and Wildlife Service	16,239	19,200	19,587
National Park Service	1,987	2,100	1,800
Office of the Secretary	711	684	710
U.S. Geological Survey	1,314	1,240	1,100
99.9 Total obligations	25,394	30,470	30,450

Personnel Summary

Identification code 14-1618-0-1-302	2004 Actual	2005 Estimate	2006 Estimate
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	4	6	6
Average Salary per FTE	\$96,232	\$100,914	\$103,765

Summary of Requirements by Object Class

(Dollar amounts in thousands)

Appropriation: Natural Resource Damage Assessment and Restoration Fund

<u>Object Class</u>	<u>2005 Estimate</u>		<u>Uncontrollable and Related Changes</u>		<u>Program Changes</u>		<u>2006 Request</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<u>11 Personnel compensation</u>								
11.1 Full-time permanent	6	5,000	0	+54	0	+200	6	5,254
11.3 Other than full-time permanent		1,000		+4		0		1,004
11.5 Other personnel compensation		250				0		250
Total personnel compensation	6	6,250	0	+58	0	+200	6	6,508
12.1 Civilian personnel benefits		1,900		+16		+60		1,976
21.0 Travel and transportation of persons		650				+10		660
22.0 Transportation of things		50				0		50
23.1 Rental payments to GSA		250		+14		0		264
23.2 Rental payments to others		50				0		50
23.3 Communications, utilities and miscellaneous charges		150				0		150
24.0 Printing and reproduction		50				0		50
25.1 Advisory and assistance services		600				0		600
25.2 Other services		14,387				-192		14,195
25.3 Purchases of goods and services from Government accounts		3,000		+3		0		3,003
25.4 Operations and maintenance of facilities		200				0		200
25.7 Operations and maintenance of equipment		300				0		300
26.0 Supplies and materials		700				0		700
31.0 Equipment		500				0		500
32.0 Land and structures		2,500				0		2,500
41.0 Grants, subsidies, and contributions		5,000				0		5,000
Total Appropriation (net budgetary authority)	6	36,537	0	+91	+0	+78	6	36,706
[Allocations to Other DOI Bureaus]	[58]		[0]		[0]		[58]	

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION

Analysis of Budgetary Resources

Natural Resource Damage Assessment and Restoration Fund

(Dollars in Thousands)

Appropriation: Natural Resource Damage Assessment and Restoration Fund

(14-1618-0-1-302)

Activity	2004 Actual Budget Authority	2005 Estimate	2006 Request	Dec (-) Inc. (+) From 2005
<u>DAMAGE ASSESSMENTS</u>				
Budget Authority Available for Obligation				
Current Appropriation	3,885	3,845	3,931	+86
Receipts	4,053	4,000	4,050	+50
Transfer of Receipts to Other Agencies	0	0	0	0
Unobligated Balance Start of Year	11,685	12,052	13,907	+1,855
Transfers of Unobligated Balances to Other Agencies	0	0	0	0
Recovery of Prior Year Obligations	171	500	500	0
Total BR Available - DAMAGE ASSESSMENTS	19,794	20,397	22,388	+1,991
Less Obligations	7,742	6,490	6,400	-90
Unobligated Balance End of Year	12,052	13,907	15,988	+2,081
(FTE - Direct)	(0)	(0)	(0)	(0)
[FTE Allocated to Other Bureaus]	[24]	[24]	[24]	[0]
<u>PRINCE WILLIAM SOUND RESTORATION</u>				
Budget Authority Available for Obligation				
Current Appropriation	0	0	0	0
Receipts	5,775	1,700	1,500	-200
Transfer of Receipts to Other Agencies	-1,323	-300	-400	-100
Unobligated Balance Start of Year	7,281	9,903	9,303	-600
Transfers of Unobligated Balances to Other Agencies	-311	-200	-200	0
Recovery of Prior Year Obligations	15	0	0	0
Total BR Available - PRINCE WILLIAM SOUND	11,437	11,103	10,203	-900
Less Obligations	1,534	1,800	1,700	-100
Unobligated Balance End of Year	9,903	9,303	8,503	-800
(FTE - Direct)	(0)	(0)	(0)	(0)
[FTE Allocated to Other Bureaus]	[10]	[10]	[8]	[-2]
<u>OTHER RESTORATION</u>				
Budget Authority Available for Obligation				
Current Appropriation	247	366	583	+217
Receipts	26,810	26,050	26,200	+150
Transfer of Receipts to Other Agencies	-11	-1,050	-950	+100
Unobligated Balance Start of Year	150,518	161,031	163,417	+2,386
Transfers of Unobligated Balances to Other Agencies	-3,142	-3,200	-3,200	0
Recovery of Prior Year Obligations	842	500	500	0
Total BR Available - OTHER RESTORATION	175,264	183,697	186,550	+2,853
Less Obligations	14,233	20,280	20,450	+170
Unobligated Balance End of Year	161,031	163,417	166,100	+2,683
(FTE - Direct)	(0)	(2)	(2)	(0)
[FTE Allocated to Other Bureaus]	[12]	[12]	[14]	[+2]

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION

Analysis of Budgetary Resources

Natural Resource Damage Assessment and Restoration Fund

(Dollars in Thousands)

Appropriation: Natural Resource Damage Assessment and Restoration Fund

(14-1618-0-1-302)

Activity	2004 Actual Budget Authority	2005 Estimate	2006 Request	Dec (-) Inc. (+) From 2005
<u>PROGRAM MANAGEMENT</u>				
Budget Authority Available for Obligation				
Current Appropriation	1,432	1,526	1,592	+66
Receipts	222	250	250	0
Transfer of Receipts to Other Agencies	0	0	0	0
Unobligated Balance Start of Year	427	198	74	-124
Transfers of Unobligated Balances to Other Agencies	0	0	0	0
Recovery of Prior Year Obligations	2	0	0	0
Total BR Available - PROGRAM MANAGEMENT	2,083	1,974	1,916	-58
Less Obligations	1,885	1,900	1,900	0
Unobligated Balance End of Year	198	74	16	-58
(FTE - Direct)	(4)	(4)	(4)	(0)
[FTE Allocated to Other Bureaus]	[10]	[10]	[10]	[0]
<u>ACCOUNT TOTAL</u>				
Budget Authority Available for Obligation				
Current Appropriation	5,564	5,737	6,106	+369
Receipts	36,860	32,000	32,000	0
Transfer of Receipts to Other Agencies	-1,334	-1,350	-1,350	0
Unobligated Balance Start of Year	169,911	183,184	186,701	+3,517
Transfers of Unobligated Balances to Other Agencies	-3,453	-3,400	-3,400	0
Recovery of Prior Year Obligations	1,030	1,000	1,000	0
Total BR Available - NRDAR	208,578	217,171	221,057	+3,886
Less Obligations	25,394	30,470	30,450	-20
Unobligated Balance End of Year	183,184	186,701	190,607	3,906
(FTE - Direct)	(4)	(6)	(6)	(0)
[FTE Allocated to Other Bureaus]	[56]	[56]	[58]	[0]

**DEPARTMENT OF THE INTERIOR
NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION
EMPLOYEE COUNT BY GRADE**

	2004 Actual	2005 Estimate	2006 Estimate
Executive Level	0	0	0
SES.....	0	0	0
CA-3 *	0	0	0
AL-2-3 **	0	0	0
SL-0 ***	0	0	0
subtotal.....	0	0	0
GS/GM-15	1	1	1
GS/GM-14	3	3	3
GS/GM-13	0	1	1
GS-12	0	1	1
GS-11	0	0	0
GS-10	0	0	0
GS-9	0	0	0
GS-8	0	0	0
GS-7	0	0	0
GS-6	0	0	0
GS-5	0	0	0
GS-4	0	0	0
GS-3	0	0	0
GS-2	0	0	0
subtotal (GS/GM).....	4	6	6
Total employment (actual / projected) at end of fiscal year.....	4	6	6

*CA - DOI Board Member

**AL - Administrative Law Judge

***SL - Senior-Level / Scientific Professionals