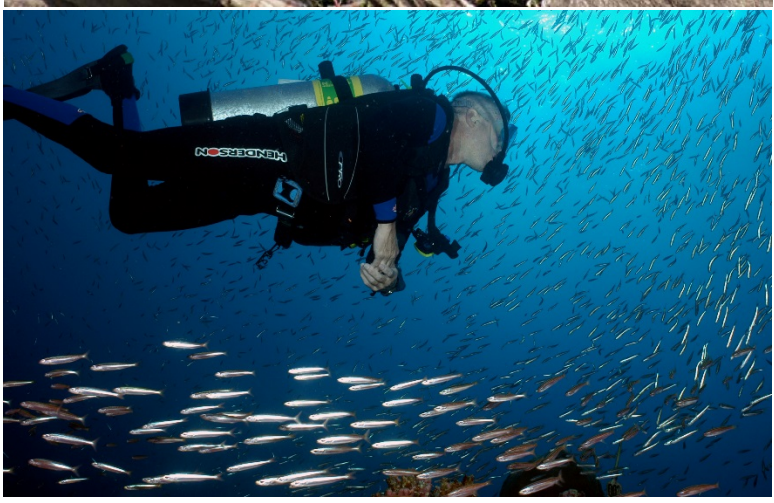

2015 Annual Report to Congress

Gulf Coast Ecosystem Restoration Council

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Prepared December 2015

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Letter from the Executive Director

With the RESTORE Act, Congress brought together the five Gulf Coast states (States) directly impacted by the *Deepwater Horizon* (DWH) oil spill and six Federal agencies, creating an independent Federal entity with an unmatched array of restoration expertise. The Gulf Coast Ecosystem Restoration Council (Council) continues its development of a long-term, comprehensive plan for the ecological and economic recovery of the Gulf Coast region. In cooperation with our restoration partners, the Council is striving to establish a benchmark for collaborative work while facilitating efficient and responsible implementation of large-scale restoration projects across the Gulf.

Fiscal and calendar year 2015 saw the formal establishment of the Council as a new independent Federal agency and the realization of a number of important milestones. In August 2015, the Council published a draft Funded Priorities List (FPL), and after a robust public engagement and comment effort, approved the Initial FPL on December 9, 2015. This FPL will allocate the available funds under the Council-Selected Restoration Component of the RESTORE Act for both planning and on-the-ground restoration activities in ten key watersheds and estuaries across the Gulf. It also provides for monitoring, analysis and other Gulf-wide activities that will form the foundation for comprehensive restoration and the effective use of future funding.

In September, the Council published a draft Spill Impact Component regulation and approved the final rule on December 9, 2015. This rule establishes a formula allocating available funding to each State under the Spill Impact Component of the RESTORE Act. These funds will be invested in projects and programs identified in approved State Expenditure Plans.

On October 5, 2015, the United States announced that it had lodged a consent decree among the United States, the States and British Petroleum (BP) in federal court in New Orleans, LA, providing for the settlement of *Deepwater Horizon* civil claims, which if made final would require BP to pay to the United States a civil penalty under the Clean Water Act of $5.5 billion, plus interest, payable in installments over fifteen years (Consent Decree). The Consent Decree will not become final until after a public comment process has been completed and the court has approved and entered the Consent Decree. Settlement of this case would provide certainty for effective planning and set the Council on a long-term path for restoring the Gulf ecosystem.

During this past year, the Council also adopted Standard Operating Procedures, outlining key governance and administrative protocols for the Council. The Council received a clean financial audit, and is preparing to inaugurate a robust grant and compliance system to ensure effective Council administration and oversight of RESTORE funds and projects.

On behalf of the Council, I am pleased to submit this *Annual Report to Congress* outlining our progress over the past fifteen months. Three years after the passage of the RESTORE Act and five years after the *Deepwater Horizon* oil spill, the Council is well positioned to initiate projects and programs to restore the Gulf from the worst environmental disaster in our nation's history. The Council remains committed to maintaining active communication with Congress. Please contact us at any time with your thoughts, suggestions or questions. Thank you for your continued leadership and support in restoring the Gulf Coast region.

Sincerely,

Justin R. Ehrenwerth
Executive Director

Executive Summary

Established by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, or the RESTORE Act, the Gulf Coast Ecosystem Restoration Council (Council) is comprised of five Governors from the Gulf Coast States (States), the Secretaries from the U.S. Departments of the Interior, Army, Commerce, Agriculture, and Homeland Security, and the Administrator of the U.S. Environmental Protection Agency. The Secretary of Commerce currently serves as the Council's Chairperson.

The Council has oversight of the expenditure of 60 percent of the funds made available from the Gulf Coast Restoration Trust Fund (Trust Fund). Under the Council-Selected Restoration Component, 30 percent of available funding will be administered for Gulf-wide ecosystem restoration and protection according to the Comprehensive Plan (Initial Plan or Plan) developed by the Council. The remaining 30 percent will be allocated to the States under the Spill Impact Component, according to a formula approved by the Council and implemented through a regulation, and spent according to individual State Expenditure Plans (SEPs) to contribute to the overall economic and ecological recovery of the Gulf. The SEPs must adhere to four basic criteria set forth in the RESTORE Act and are subject to approval by the Council in accordance with those criteria. On December 15, 2015, the Council published in the *Federal Register* the final Initial Funded Priorities List (FPL) and the Spill Impact Component regulation (https://www.federalregister.gov/agencies/gulf-coast-ecosystem-restoration-council#recent_articles), both of which were approved by the Council on December 9, 2015. The Council anticipates initiating implementation of Initial FPL projects and State Expenditure Plans during calendar year 2016.

In July 2015, BP announced that it had reached Agreements in Principle (AIPs) with the United States and the five Gulf States for settlement of civil claims arising from the *Deepwater Horizon* oil spill. Thereafter, on October 5, 2015, the United States announced that it had lodged a consent decree among the United States, the States and BP in Federal court in New Orleans, LA (Consent Decree), providing for settlement of those civil claims. If made final, the proposed Consent Decree would require BP to pay to the United States a civil penalty under the Clean Water Act of $5.5 billion, plus interest, payable in installments over fifteen years. Under the RESTORE Act 80% of those payments, or $4.4 billion plus interest, would be dedicated to the Trust Fund and allocated to the Direct Component, the Council-Selected Restoration Component, the Spill Impact Component and the other components as defined by the RESTORE Act. Settlement of this case would set the Council on a long-term path for restoring the Gulf of Mexico ecosystem. There are, however, additional steps that must be completed before those funds may become available.

The proposed Consent Decree, as well as a Draft Programmatic Damage Assessment and Restoration Plan and a Draft Programmatic Environmental Impact Statement under the Natural Resources Damage Assessment were made available for public review and comment through December 4, 2015. The Consent Decree will not become final until the public comment and review process has been completed and the court has approved and entered the Consent Decree.

The Council also completed several key administrative objectives during fiscal and calendar year 2015. National Environmental Policy Act (NEPA) implementing procedures (https://www.restorethegulf.gov/council-selected-restoration-component/environmental-compliance) and Freedom of Information Act (FOIA) protocols were published in the *Federal Register* for public comment and review, and were subsequently finalized. The Council also completed its Standard Operating Procedures (SOPs) setting forth by-laws and responsibilities of the Council Members and staff. RESTORE Council Financial Assistance Terms and Conditions were completed to provide grantees a clear step-by-step process to maintain fiscal requirements. Both the SOPs and the Financial Assistance Terms and Conditions are published on the RESTORE Council website (https://www.restorethegulf.gov/resources/council-documents-foia-library).

This *Annual Report to Congress* summarizes the Council's policies, strategies, plans and activities for restoring and protecting the Gulf Coast region. This year's Annual Report does not include a summary of activities from all of the Centers for Excellence programs established under Section 1605 of the RESTORE Act, as only Florida and Texas Centers for Excellence programs have been formally established through the awarding of grants by Treasury with start dates beginning in the last quarter of fiscal year 2015.

Background

The Gulf Coast region is vital to our Nation and our economy, providing valuable energy resources, abundant seafood, extraordinary beaches and recreational activities, and a rich cultural heritage. Its waters and coasts are home to one of the most diverse environments in the world—including over 15,000 species of sea life. More than 22 million Americans live in Gulf coastal counties and parishes, working in crucial U.S. industries like commercial seafood, recreational fishing, tourism, and oil and gas production. The region also boasts of a significant shipping industry with 10 of America's 15 largest ports accounting for nearly a trillion dollars in trade each year.

Despite the tremendous economic, social and ecological importance of the Gulf Coast region, the health of the region's ecosystem has been significantly impacted, most recently by the *Deepwater Horizon* oil spill. Over the past several decades, the Gulf Coast region has experienced loss of critical wetlands, erosion of barrier islands, imperiled fisheries, water quality degradation leading to, among many other impacts, one of the world's largest hypoxic zones every year, alteration of hydrology, and other cumulative environmental impacts (e.g., an area the size of a football field are lost every hour in coastal Louisiana). While hurricanes (such as Katrina, Rita, Gustav and Ike), subsidence and other natural forces are also key factors in land loss, this may be exacerbated by human actions which have greatly reduced ecosystem resilience and thus made coastal wetlands more vulnerable to these natural stressors.

In addition, the Gulf of Mexico experienced extensive and severe water quality and habitat impacts resulting from the *Deepwater Horizon* oil spill including excess nutrients, altered sediment resources, pathogens, mercury, remaining *Deepwater Horizon* oil and other pollutants. Five years after the spill, living coastal and marine systems still show signs of stress, such as depleted species populations and degraded habitats.

The cumulative impacts of chronic (e.g., water quality, sea level rise) and acute (e.g., hurricanes and floods) stressors to the Gulf ecosystems have resulted in increased storm risk, land and habitat loss, depletion of natural resources, altered hydrology and compromised water quality and quantity, which are imperiling coastal communities' natural defenses and ability to respond to natural and man-made disruptions. These problems not only endanger the natural systems but also the economic vitality of the Gulf Coast region and the entire nation.

The RESTORE Act

Spurred by the *Deepwater Horizon* oil spill, the RESTORE Act was signed into law by President Obama on July 6, 2012. The RESTORE Act envisions a regional approach to restoring the long-term health of the valuable natural ecosystems and economy of the Gulf Coast region. The RESTORE Act dedicates 80 percent of any civil and administrative penalties paid under the Clean Water Act, after the date of enactment, by responsible parties in connection with the *Deepwater Horizon* oil spill to the Gulf Coast Restoration Trust Fund for ecosystem restoration, economic recovery, and tourism promotion in the Gulf Coast region. This effort is in addition to the restoration of natural resources injured by the spill that is being accomplished through a separate Natural Resource Damage Assessment (NRDA) under the Oil Pollution Act. A third and related Gulf restoration effort is being administered by the National Fish and Wildlife Foundation using funds from the settlement of criminal charges against BP and Transocean.

In addition to creating the Trust Fund, the RESTORE Act established the Council. The Council is currently chaired by the Secretary of the U.S. Department of Commerce and includes the Governors of the States of Alabama, Florida, Louisiana, Mississippi and Texas and the Secretaries of the U.S. Departments of Agriculture, Army, Homeland Security and the Interior, and the Administrator of the U.S. Environmental Protection Agency.

One of the Council's primary responsibilities is to develop a Comprehensive Plan to restore the ecosystem and the economy of the Gulf Coast region, and to update the Plan at least every five years. State Expenditure Plans, developed under the Spill Impact Component, are also submitted to the Council for approval in accordance with the RESTORE Act. Both components are discussed in more detail below.

Gulf Coast Restoration Trust Fund

The RESTORE Act divides funds made available from the Trust Fund into five components, colloquially referred to as "buckets," and sets parameters for how these funds will be spent:

- *Direct Component*: 35 percent of the funds are divided equally among the five States for ecological and economic restoration. Eligible activities include restoration and protection of

natural resources; mitigation of damage to natural resources; workforce development and job creation; improvements to state parks; infrastructure projects, including ports; coastal flood protection; and promotion of tourism and Gulf seafood.

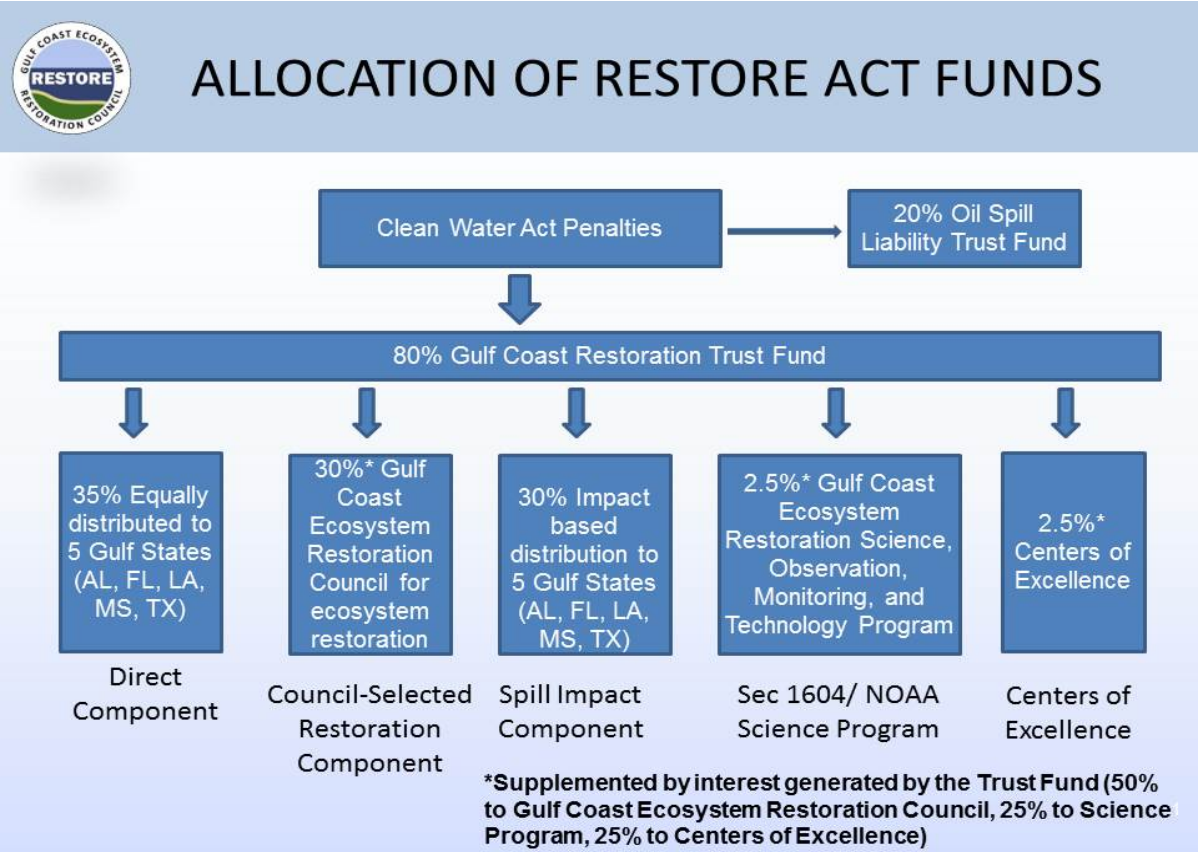
- *Council-Selected Restoration Component*: 30 percent of the funds (plus 50 percent of interest earned) will be administered for ecosystem restoration and protection according to the Comprehensive Plan developed by the Council. The Council approved and published an Initial Comprehensive Plan in August 2013 that sets the following five overarching goals for restoring of the Gulf Coast region:
    - Restore and Conserve Habitat;
    - Restore Water Quality;
    - Replenish and Protect Living Coastal and Marine Resources;
    - Enhance Community Resilience; and
    - Restore and Revitalize the Gulf Economy.

- *Spill Impact Component*: 30 percent of the funds are dedicated to the States based on a formula established by the Council through a regulation. This allocation formula is based on the number of miles of shoreline of each State that experienced oiling as a result of the *Deepwater Horizon* oil spill; the inverse proportion of distance from DWH rig to middle of oiled shoreline in each State; and the average coastal county population in each State as of the 2010 Census. Each State will be required to have a State Expenditure Plan (SEP) in place for the use of these funds. The SEPs must be consistent with the Goals and Objectives of the Comprehensive Plan and are subject to Council approval in accordance with criteria set forth in the RESTORE Act. More information regarding SEP guidelines can be found on the RESTORE Council website (https://www.restorethegulf.gov/our-work/spill-impact-component).

- *NOAA Science Component*: 2.5 percent of the funds (plus 25 percent of interest earned) are dedicated to the Gulf Coast Ecosystem Restoration Science, Observation, Monitoring and Technology Program. The National Oceanic and Atmospheric Administration (NOAA) will establish a Gulf Coast Ecosystem Restoration, Science, Observation, Monitoring and Technology Program for marine and estuarine research, ecosystem monitoring and ocean observation, data collection and stock assessments and cooperative research.

- *Centers of Excellence Component*: 2.5 percent of the funds (plus 25 percent of interest earned) are dedicated to the Centers of Excellence Research Grants Program. The Centers of Excellence Research Grants Program funding is distributed through the States to nongovernmental entities to establish centers of excellence that will focus on the following disciplines: coastal and deltaic sustainability; restoration and protection; fisheries and wildlife ecosystem research and monitoring; offshore energy development; sustainable and resilient growth; and comprehensive observation, monitoring and mapping in the Gulf.

Figure 1. Allocation of the Restoration Trust Fund



On January 3, 2013, the United States announced that Transocean Deepwater Inc. and related entities had agreed to pay $1 billion (plus interest) in civil penalties for violating the Clean Water Act in relation to their conduct in the *Deepwater Horizon* oil spill. In accordance with the consent decree, Transocean has paid all three of its installments of civil penalties plus interest to the U.S. Department of Justice. The U.S. Department of Justice has transferred 80 percent of these funds to Treasury for deposit into the Gulf Coast Restoration Trust Fund, totaling $816 million.

In July 2015, BP announced that it had reached Agreements in Principle (AIPs) with the United States and the five Gulf States for settlement of civil claims arising from the *Deepwater Horizon* oil spill. Thereafter, on October 5, 2015, the United States announced that it had lodged a consent decree among the United States, the States and BP in Federal court in New Orleans, LA (Consent Decree), providing for settlement of those claims. If made final, the proposed Consent Decree would require BP to pay to the United States a civil penalty under the Clean Water Act of $5.5 billion, plus interest, payable in installments over fifteen years. The RESTORE Act provides that 80 percent of civil penalties paid under the Clean Water Act arising out of the *Deepwater Horizon* oil spill will be dedicated to the Trust Fund and allocated to the Direct Component, the Council-Selected Restoration Component, the Spill Impact Component and the other components as defined by the RESTORE Act.

There are, however, additional steps that must be completed before those funds may become available. The Consent Decree will not become final until a public review and comment process has been completed and the Consent Decree has thereafter been approved and entered by the court.

Council-Selected Restoration Component: Funded Priorities List

The RESTORE Act requires creation of a Funded Priorities List (FPL) that includes the projects and programs the Council intends to fund through the Council-Selected Restoration Component. Since the fiscal year 2014 Report to Congress, the Council members collaborated to develop a draft Initial FPL using a process that emphasized public input, transparency, coordination with other restoration programs, and rigorous science review (https://restorethegulf.gov/sites/default/files/Public%20Input%20Fact%20Sheet%200914.pdf). The process for developing the draft Initial FPL was initiated with an invitation to each Council member to submit up to five proposals. In addition to their five proposals, Council members could also submit proposals on behalf of Federally-recognized Tribes. In total, the Council received 50 submissions (including five proposed on behalf of Tribes). Within the 50 submissions, which totaled nearly $785M, approximately 380 discrete components, referred to as "activities," were proposed for potential funding and inclusion in the draft Initial FPL. The submissions built upon experience from past ecosystem restoration plans and projects, and reflected public input provided to the Council during development of the Initial Comprehensive Plan and as part of the FPL development process.

The Council independently evaluated each of the submissions with respect to eligibility, consistency with the Act and the Initial Plan, best available science, environmental compliance, and budget, producing seven "Context Reports" for each of the 50 submissions – 350 Context Reports in total (see https://www.restorethegulf.gov/release/2015/03/12/council-selected-restoration-component-proposals-and-context-reports). Independent scientists and other experts played a critical role in the review of the submissions. The Council used this and other information – including public input on the draft FPL – to help inform the selection of activities that meet the commitments set forth in both the Act and the Initial Plan.

The Council determined that a watershed/estuary approach would be an effective tool for guiding the selection of projects and programs in a way that advances comprehensive restoration. By identifying and focusing on watersheds, the Council was able to make difficult funding decisions in a way that leverages limited restoration resources for maximum effectiveness, while also supporting planning, science and other activities that can set the stage for future success. All activities in the draft FPL came from the original member submissions. In some cases the activities are a component or smaller increment of an original submission. Many stakeholders cautioned the Council against distributing the available funds in a way that supports disconnected (although beneficial) restoration projects; the Council was asked not to engage in "random acts of restoration." The Council shares that perspective and believes that focusing on key watersheds and other foundational activities will ensure that the funds are spent in a way that contributes to comprehensive Gulf restoration.

In some coastal watersheds, habitat loss and fragmentation is occurring at a rapid rate. Habitat conservation is critical in helping to secure an ecological foundation for restoration efforts. The habitat conservation activities in the draft FPL (comprehensive planning, easements, adoption of best management practices (BMPs), etc.) support ecosystem resilience by maintaining ecosystem connectivity, providing critical wildlife corridors, keeping working lands working and preserving the cultural heritage of the area. In some cases these actions are derived from existing plans and/or help expand existing large-scale conservation areas.

Further, the Council sought to identify activities for the draft FPL that would either complement each other or have synergistic effects with other restoration projects. Some of the conservation activities complement other ongoing or existing conservation actions. Taking a holistic approach recognizes the interconnected nature of coastal and marine ecosystems, the organizational principle of watersheds and the importance of addressing system-wide stressors that reduce ecosystem integrity. Some of the water quality measures in the FPL have the potential to support future coastal restoration measures, for example by helping ensure that water quality conditions would support future submerged aquatic vegetation (SAV) restoration and/or oyster restoration. The Council's selections for the draft FPL were therefore based on a variety of factors, including the need to respond to widely-recognized ecological stressors, foundational investment needs, substantial public input, support for certain high-value areas, and socioeconomic and cultural considerations. The Council thus chose to focus its initial investment of approximately $156.6 million on areas broadly recognized as having significant ecological value and urgent conservation and restoration needs. To that end, this Initial FPL focuses on habitat and water quality and includes restoration and conservation activities that can be implemented in the near-term, as well as support project-specific planning efforts necessary to advance large-scale restoration. In many cases the watersheds/estuaries have been subject to extensive scientific study and planning; for example the Mississippi River Delta, an area of global ecological importance.

On August 13, 2015, the Council published the draft FPL for public and Tribal review. In the draft FPL, the Council proposed to use currently available funds for planning and on-the-ground restoration activities in key watersheds across the Gulf. The draft FPL also included monitoring, community investments and other Gulf-wide activities designed to lay a foundation for comprehensive restoration and effective use of future funding opportunities. Those proposed activities build upon past and ongoing restoration work and, where possible, leverage other funding sources. To assist the public in understanding the activities in the draft FPL, the Council developed two online tools (a draft FPL Comprehensive Map Viewer and Story Map), as well as a series of "Fact Sheets" (http://www.restorethegulf.gov/our-work/draft-initial-funded-priorities-list-draft-fpl) which were available at the seven public meetings.

The public comment period for the draft FPL closed on September 29, 2015. During the public comment period the Council hosted one Tribal Engagement meeting and seven public meetings where the Council accepted written comments, as well as recording verbal comments. There was at least one public meeting in each of the five States. The Council received more than 16,000 written or oral comments. In general, the Council heard broad support for the draft FPL and the projects and programs contained therein. The public also provided constructive recommendations pertaining to future FPLs, updating the Comprehensive Plan and more. The Council's responses to all public comments on the draft FPL are found on the Council website at: https://www.restorethegulf.gov/sites/default/files/DFPL_Response_to_Public_Comments.ONLINE.pdf.

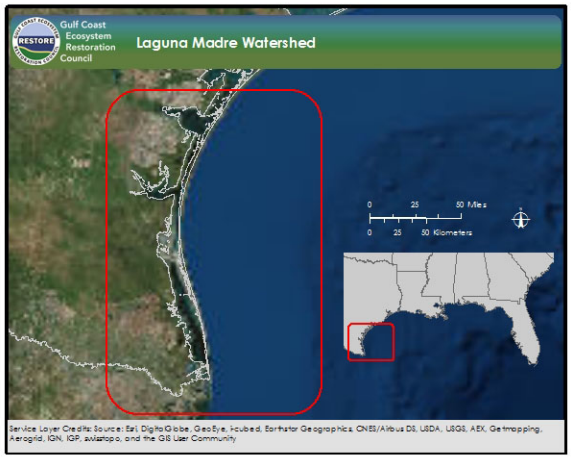
On December 9, 2015, the RESTORE Council voted to approve the Initial FPL. Throughout the entire process the members of the Council collaborated to build an FPL that responds to ecosystem needs regardless of jurisdictional boundaries. With this FPL, the Council is seeking to provide near-term "on-the-ground" ecosystem results, while also building a planning and science foundation for future success. The Council is focusing on ten key watersheds across the Gulf in order to concentrate and leverage available funds to address critical ecosystem needs in high priority locations. This FPL focuses on habitat

and water quality, and includes restoration and conservation activities that can be implemented in the near term. It also supports project-specific planning efforts necessary to advance large-scale restoration. The comprehensive planning and monitoring efforts set forth in this FPL will provide Gulf-wide benefits into the future. The Initial FPL can be found at: https://www.restorethegulf.gov/sites/default/files/FPL_FINAL_Dec9Vote_EC_Library_Links.pdf. The Initial FPL Comprehensive Map Viewer (http://restorethegulf.us/comp_map/) and Story Map (https://restorethegulf.gov/story_map/) are designed to enable the public to interactively query the elements of the Initial FPL. The Council also prepared finalized fact sheets (https://www.restorethegulf.gov/gcerc-funded-priorities-list-factsheets) to provide an overview of each project and program; a Vietnamese translation for all fact sheets was also prepared.

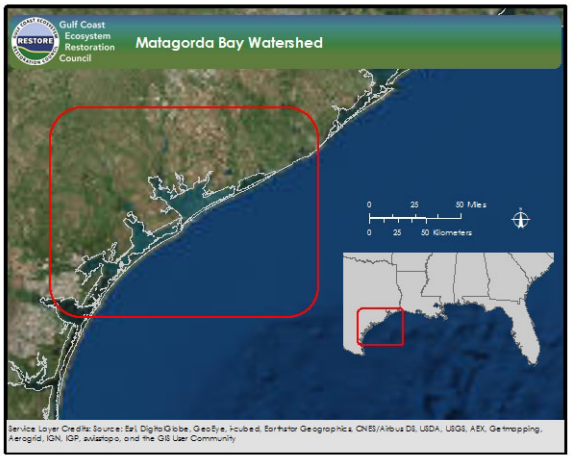
The following sections provide an overview of the ten key watersheds identified in the FPL and associated actions, as well as the Gulf-wide Foundational Investments the Council approved to take therein in compliance with 33 U.S.C. § 1321(t)(2)(C)(vii)(VII)(bb), which requires the Council's Annual Report to provide a description of the projects and programs being implemented to restore and protect the Gulf Coast Region, including: (AA) a list of each project and program; (BB) an identification of the funding provided to projects and programs identified in subitem (AA); and (CC) an identification of each recipient for funding identified in subitem, (BB). At this time, because project and program duration and objective-specific funding levels have not yet been determined, the Council's Annual Report does not include subitem (DD), a description of the length of time and funding needed to complete the objectives of each project and program identified in subitem (AA). As project grants or Interagency Agreements (IAA) are awarded, a detailed listing of the grant or IAA awards will be included in the next Annual Report.

Ten Key Watersheds and Estuaries

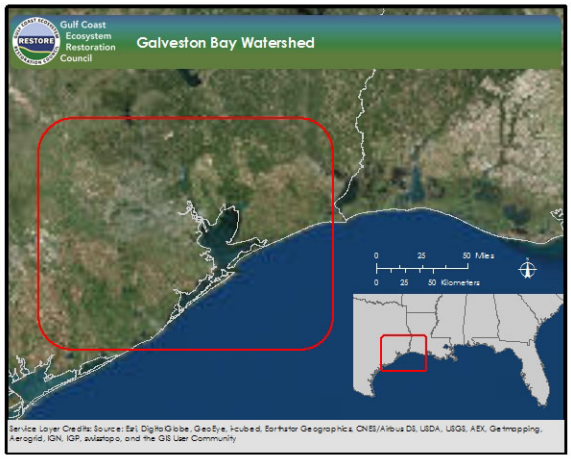
Laguna Madre: Located in the lower coast of Texas, the Laguna Madre area is rich in biodiversity and is the only hyper-saline coastal lagoon in North America. Laguna Madre is home to blue crabs, oysters, pelicans, plovers, shrimp and the Kemp's Ridley sea turtle, which nests only on western Gulf beaches. However, the Laguna Madre area faces ecological challenges associated with invasive species, water quality and quantity, climate change and habitat fragmentation as the region continues to grow.[i, ii] To address some of the most urgent needs in this area, the Council will conserve valuable habitat and restore hydrology in the Bahia Grande coastal corridor. Specifically, approximately 1,850 acres of coastal habitat will be added to a 105,000-acre corridor of conservation lands. The Council will protect this investment through the plugging of high-risk oil and gas wells.[iii] The Council is also funding planning and design activities necessary for future wetland restoration in this watershed. Council investments in this area will be leveraged with co-funding from NFWF and the Knobloch Foundation. In addition, the funding towards the Gulf-wide baseline flows and gage analysis project will provide valuable tools for future restoration activities related to freshwater inflows.[iv, v]



Matagorda Bay: On the central Texas Coast, the Matagorda Bay system covers 627 square miles of open water. The system is separated and protected from the open Gulf of Mexico by 83 miles of barrier peninsulas and islands.[vi] The system ranges from fresh to hyper-saline water and includes quiet coves and sloughs, emergent fringe marshes, maritime forests, and coastal habitats including beaches and dunes. This area is a biodiversity hotspot and supports endangered whooping cranes, piping plovers and sea turtles.[vii] There is a unique opportunity in this system to protect coastal habitats on a landscape scale because of its relative lack of habitat fragmentation and development. In 2014 the NFWF GEBF awarded $34.5 million to support land conservation in this area.[viii] The Council is building on this investment by co-funding additional land acquisition in this area with the Knobloch Foundation. Specifically, the Council will conserve approximately 6,500 acres of high-quality coastal habitats including emergent marshes, tidal flats, lagoons and coastal prairie with several miles of frontage on the Matagorda Bay system. These conservation activities will help protect extensive adjacent seagrass and shellfish beds. In conjunction with the Council investment in the baseline flows and gage analysis project, these activities will collectively protect water quality and quantity in the future by providing tools for making restoration decisions to conserve local estuarine watersheds, filter runoff and groundwater recharge and preserve local freshwater inflows.

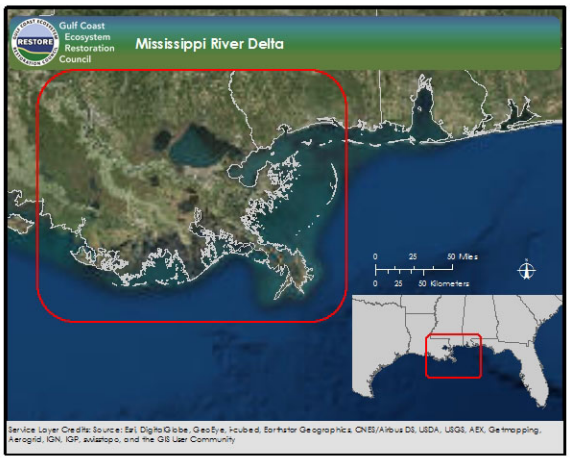


Galveston Bay: Located in the upper coast of Texas, this area supports one of the largest metropolitan areas in the United States. Approximately one third of all commercial fishing in Texas originates from this system.[ix] The Galveston Bay system and surrounding land also supports habitat for colonial waterbirds and is a regionally significant reserve site and migratory stopover habitat for a number of state and Federal endangered species. Galveston Bay once had a thriving oyster industry and included areas of submerged aquatic vegetation. Unfortunately, this coastal system has been degraded due to the loss of freshwater inflow, water pollution, disease, predators, coastal development, erosion and invasive species.[x] To aid in addressing some of the most pressing habitat and water quality issues in this area, the Council is investing in planning to support future marsh restoration through beneficial use of dredged materials, as well as implementing activities that protect and restore riparian corridors. Riparian corridors are critical for stream ecosystems and help improve water quality in downstream areas, in this case Galveston Bay. This investment will build on a larger initiative of approximately $200M in the Houston area that is helping to restore the ecosystem as well as providing numerous



community benefits. The Council's investment in the Gulf-wide baseline flows and gage analysis project will also provide information on future restoration activities related to water quality and quantity.

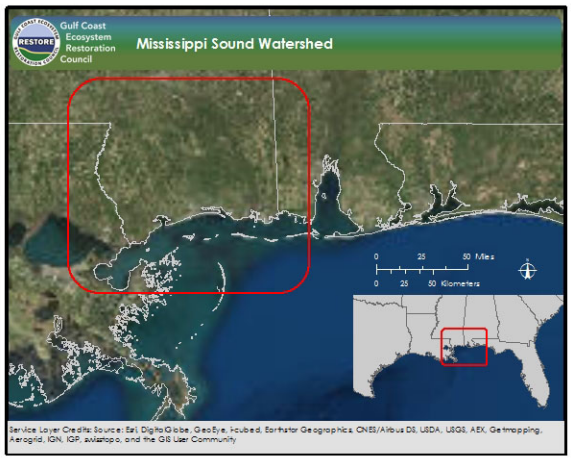
Mississippi River Delta: Louisiana's coastal wetlands are among the Nation's most important natural resources, providing vast ecological and economic benefits to the Gulf and beyond. Louisiana is second only to Alaska in seafood landings,[xi] and its coastal wetlands, ridges and barrier islands provide critical stopover habitat for millions of migratory birds. It is also a working coast, with navigation and energy assets of national and international importance. Yet this highly valuable coastal system is under severe stress. In the past 80 years, coastal Louisiana has lost a wetland area the size of Delaware.[xii] Coastal Louisiana represents nearly 40 percent of the wetlands in the continental U.S., but also accounts for approximately 80 percent of the losses.[xiii] This ongoing coastal land loss crisis results from alteration of the Mississippi River's deltaic processes, reduced sediment inputs, dredging of canals for energy and navigation, natural processes, invasive species, and other factors. Increased rates of relative sea-level rise threaten to worsen the situation. This ongoing loss puts at risk the life and livelihood of communities across Louisiana, and could have serious ecological and economic implications for the Gulf and the Nation. To help address this problem, the Council is investing in wetland restoration by funding important large-scale restoration planning efforts that would help restore deltaic processes, increase sediment inputs and rebuild lost coastal habitat in key areas**.** Specifically, the Council is funding planning and engineering to support re-introducing Mississippi River flows into the Maurepas Swamp, restoring the West Grand Terre Barrier Island and Golden Triangle marsh, and creation of living shoreline along the Biloxi Marsh. The Council is also funding a large-scale planning effort intended to help move the nation towards a more holistic management scheme for the Lower Mississippi River. Additionally, the Council is funding backfilling 16.5 miles of oil and gas canals to recreate freshwater wetlands and restore hydrology in Jean Lafitte National Historical Park and Preserve. The Council's efforts build upon investments made by the state in its Comprehensive Master Plan for a Sustainable Coast[xiv] and other coastal restoration planning projects. The Council is also funding a ridge, marsh, and hydrologic restoration planning effort supported by the Chitimacha Tribe of Louisiana. By investing in such projects, the Council hopes to help address natural/cultural resource issues important to Tribal Nations across the Gulf.



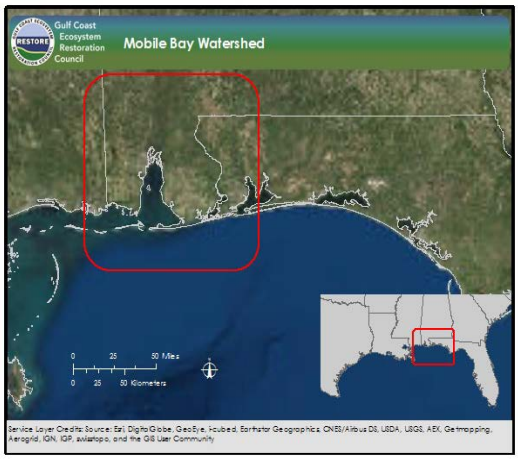
Building on Existing State Plans

The Council is supporting a number of large-scale planning efforts to lay the foundation for critical projects that address habitat loss in the State of Louisiana and were identified in the State's *Comprehensive Master Plan for a Sustainable Coast*. This is consistent with the RESTORE Act provision for prioritizing projects contained in existing Gulf Coast State comprehensive plans.

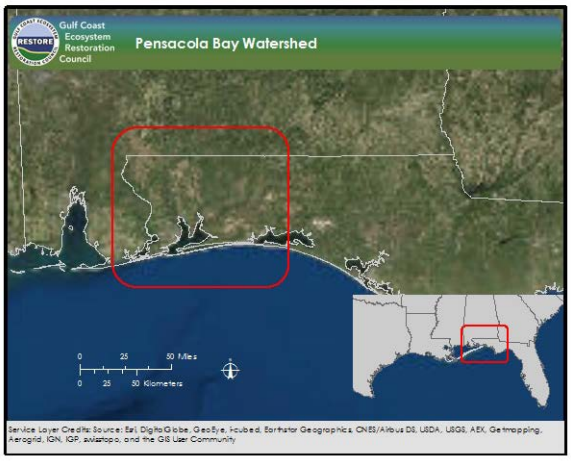
Mississippi Sound: Mississippi's coastal waters include 758 square miles of estuaries, bays, bayous, tidal rivers and creeks, and other ecological assets that support commercial and recreational fishing and a nationally important oyster industry.[xv] The Mississippi coast is laced with scenic streams including the longest undammed river in the lower 48 states, the Pascagoula.[xvi] Mississippi's coastal watersheds include barrier islands, marsh, maritime forest, pine savannahs, cypress swamp, oyster reefs, seagrass, salt flats and other resources. These important coastal areas are threatened by a variety of stressors, including pollution, coastal development, energy development, erosion, hydrological alteration, changes in freshwater inflow, structural marsh management and overfishing.[xvii] The result has been a decline in the extent and health of critical habitats. To help address these challenges, the Council is investing in landscape-scale planning and restoration based on beneficial use of dredged materials, hydrologic restoration, land conservation and management, as well as a focused watershed study to address freshwater inflows and support restoration decision-making. This work includes implementation of the Deer Island beneficial use project; strategic land conservation planning, education, and outreach; as well as acquisition in the areas of the upper reaches of the Tuxachanie/Tchoutacabouffa River in De Soto National Forest, Gulf Islands National Seashore, and Grand Bay. It will help restore and connect diverse habitats from east to west that are crucial for ecosystem and economic recovery in the northern Gulf coast. These investments build on the recent funding from the NFWF GEBF for habitat restoration and planning, as well as research funding from the Gulf of Mexico Research Initiative (GoMRI).



Mobile Bay: The Mobile River Basin drains two-thirds of the State of Alabama and portions of Mississippi, Tennessee, and Georgia before ultimately discharging to the Gulf of Mexico through a coastal area composed of terrestrial, freshwater, estuarine and marine ecosystems that support a diverse and important assemblage of plants and animals. Alabama ranks fifth among U.S. states in biodiversity, and first among those east of the Mississippi River.[xviii] Alabama's coastal resources support commercial and recreational activities including a deep-sea fishing industry, port and maritime industries, and tourism and recreation associated with both the Gulf-fronting sandy beaches and interior waterways such as the Mobile-Tensaw River Delta. The habitats around Mobile Bay are under stress due to factors such as land-use conversion, shoreline hardening, sedimentation, invasive species and water quality degradation. To help restore these diverse coastal resources, the Council is funding comprehensive planning by the Mobile Bay National Estuary Program[xix]; planning to advance specific living shoreline and hydrologic wetland restoration and monitoring projects; oyster reef projects; and the final design and permitting of a 1,200 acre wetland creation site in

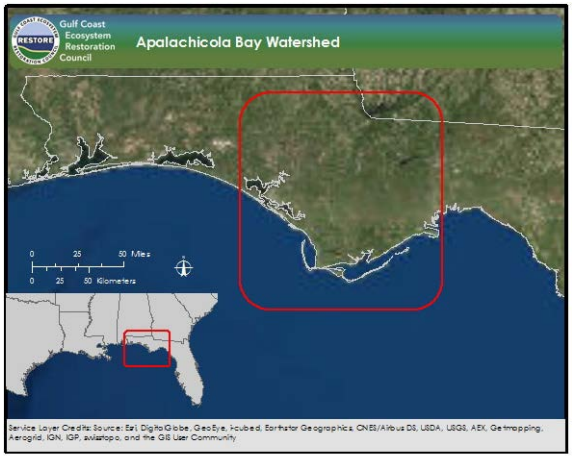


the Upper Mobile Bay. In addition, investments will be made to implement submerged aquatic vegetation (SAV) restoration and monitoring projects.



Pensacola Bay: The Pensacola Bay estuary system covers 144 square miles and is comprised of several interconnected sounds or bays. The watershed's diverse habitats support more than 200 species of fish and shellfish, including rare, imperiled, or threatened plant and animal species.[xx] Pensacola Bay was once known for its thriving oyster industry; but because of the lack of suitable substrate and disease, the oysters declined and have been slow to recover.[xxi] During the 1960s, approximately 9,500 acres of seagrass were observed; by 2003 seagrasses in the system covered only around 511 acres.[xxii] In addition, eight marine waterbody segments in the Pensacola Bay system are nutrient-impaired. To support comprehensive restoration of the Pensacola Bay system, the Council is funding both water quality and living shoreline projects that are leveraged with NFWF, NRDA and local funding. Specifically, the Council is funding planning, engineering, design, and environmental compliance activities for a proposed 24,800 linear foot rock and oyster reef breakwater. The Council is also funding planning activities needed to advance contaminated sediment removal in Bayou Chico, as well as implementation of stormwater and wastewater projects that will help improve water quality.

Apalachicola Bay: Florida's Apalachicola/ Chattahoochee/Flint watershed contains some of the highest biological diversity east of the Mississippi River, including species (many threatened and endangered) of freshwater fish, birds, mammals, manatees, beach mice, and freshwater mussels.[xxiii, xxiv] In recognition of the significance of the Apalachicola river and bay, they have been designated as environmentally sensitive resources, including as a National Estuarine Research Reserve, an Outstanding Florida Water, a Florida Aquatic Preserve, and an International Man and the Biosphere Program waterbody. This area has been degraded by changes in freshwater flow from upstream dams and the use of river water for municipal, industrial and agricultural purposes. For many years, Apalachicola Bay has supported the largest oyster-harvesting industry in Florida, as well as extensive shrimping, crabbing and commercial fishing; however, the industry has been in decline due to ecosystem degradation.[xxv, xxvi, xxvii] To help address these issues, the Council is investing in activities such as working with private landowners to restore water quality by implementing best management

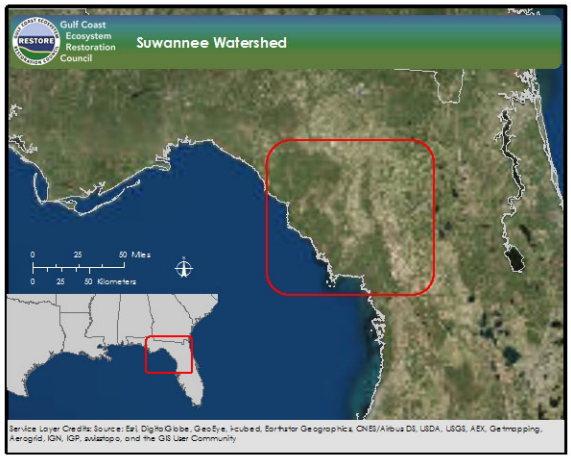


practices, as well as hydrologic restoration to restore fragile habitats. Specifically, the Council is funding implementation of water quality improvement projects on private lands, hydrologic restoration in Tate's Hell State Forest, as well as planning for support of hydrologic restoration on approximately 1,000 acres of wetlands on the St. Joseph Bay State Buffer Preserve. The Council is also investing in oyster restoration that builds on other coastal restoration efforts such as those being made by the NRDA and a Gulf-wide project to develop a freshwater inflow tool that can aid in future decision making.[xxviii]

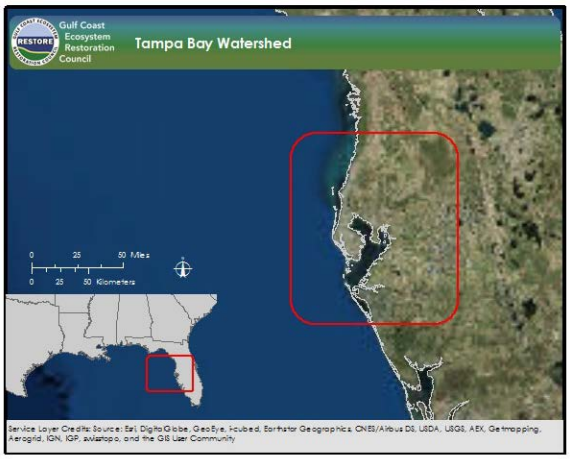
Working with Private Landowners to RESTORE the Gulf

The Council is partnering with private landowners in Florida to implement land use practices (known as Best Management Practices or BMPs) that will improve water quality and habitat. This initiative will help agricultural landowners manage the quality and quantity of waters that contribute to the Apalachicola and Suwannee Rivers and ultimately the Gulf. By cost sharing with private landowners, the Council will further leverage the currently available RESTORE funds.

Suwannee Watershed: The Suwannee Watershed covers more than 7,700 square miles in one of Florida's least populated areas. The Watershed encompasses a number of smaller river basins, including the Suwannee River, and drains into the *Big Bend Region*, which contains one of the two largest contiguous seagrass beds in the continental U.S. [xxix] The Big Bend Region supports a variety of bird species and other wildlife, and the seagrasses in this area sustain the premier Florida scallop population and recreational harvest, and provide important habitat for Federally listed species such as manatee, sturgeon, and sea turtles.[xxx, xxxi] The Suwannee River drains a large agricultural basin and the nutrient loads from these agricultural activities is a considerable environmental stressor to the downstream habitat in addition to other stressors that reduce freshwater inflow. [xxxii] The Council is funding implementation of work with private landowners to improve irrigation system efficiency to conserve water and energy, while reducing nutrient loading, improving water quantity and quality, and restoring and protecting downstream habitat. These activities, in addition to the investments in decision support tools related water quantity, will lay the foundation for long-term restoration in this area.



Tampa Bay: More than 95 percent of the commercially and recreationally fished species in the Gulf depend on estuaries during some part of their life cycle.[xxxiii] With Florida having almost half of the U.S. estuaries bordering the Gulf, [xxxiv] restoring these estuaries is integral to sustaining a healthy Gulf ecosystem. Tampa Bay, the largest open-water estuary in Florida, at nearly 400 square miles, has a wide variety of animals including manatees, wading birds and over 200 species of fish. [xxxv] However, many of these coastal resources have suffered loss from a variety of stressors, including elevated surface-water temperatures, tropical storms, coastal development and agriculture runoff, and invasive species. Restoration in the Tampa Bay area has been ongoing for many years and has resulted in water quality and habitat improvements. Yet work remains to be done to ensure the health and sustainability of this important coastal system. To that end, the Council is building on those prior efforts by investing in additional water quality and hydrologic restoration efforts, while also continuing to support the extremely successful Tampa Bay National Estuary Program. Specifically, the Council is funding planning to support habitat restoration, water quality improvement, and mitigation of erosion along the Palm River at the mouth of McKay Bay. The Council is also funding planning to advance hydrologic restoration on approximately 140 acres of coastal upland, wetland, and subtidal habitats in the Robinson Preserve.[xxxvi]



Foundational Gulf-Wide Investments

In addition to focusing on key watersheds, Gulf-wide investments are important to support holistic ecosystem restoration and lay the foundation for future success. Details on some of the Council's Gulf-wide and foundational restoration investments for the Initial FPL are discussed below.

Working with Partners: Over 85 percent[xxxvii] of the geographic acreage around the Gulf is in private ownership and is used for forestry and agriculture. The quality and, to a large extent, the quantity of fresh water entering the Gulf is affected by how those land uses are managed. The Council recognizes that the conservation legacy of state fish and wildlife agencies, Federal land management agencies, NGOs and private land stewards have provided a strong foundation to help protect and restore the ecological richness of the Gulf region. Land protection and conservation aimed at private landowners and other partners is a priority for foundationally securing Gulf-wide ecosystem integrity. The Council is supporting Gulf-wide grant programs that will make RESTORE funds available to enhance private/public partnerships that support land protection and conservation across the Gulf Coast.

Connecting Communities to Restoration: The Council is investing in a regional-workforce and skills training program to benefit local communities and support long-term Gulf Coast restoration project implementation. The Gulf Coast Conservation Corps Program (GCCC Program) will benefit both the environment and coastal communities by equipping local citizens with the knowledge, skills and ability to implement and manage conservation projects, providing hands-on work experience in restoration related industries at the same time it will restore critical coastal habitat within those communities. The GCCC

Program will build on existing training partnerships among Federal, state, academic, and non-profit organizations; recruit and train local workers; and provide paid, hands-on work experience. In addition, the Council recognizes the importance of working with the Federally-recognized Tribes and will incorporate a youth tribal component as part of the GCCC Program.

Planning Tools: The Initial Plan identifies the need to improve science-based decision-making and develop comprehensive science tools to support future ecosystem investments. The Council is investing in a conservation prioritization tool and strategic conservation assessment to guide future habitat conservation efforts. The Council is also investing in a streamflow alteration mapping tool that can be used at the regional, state, and watershed level to facilitate the prioritization of future restoration actions that affect Gulf estuaries.

Leveraging and Co-Funding

This FPL, if all activities are fully implemented, leverages approximately $1.27 Billion in Gulf investments by other entities. This includes co-funding projects with NGOs such as the Knobloch Foundation, as well as others, and building on Gulf restoration activities from multiple partners and programs such as NRDA, NFWF, the Coastal Impact Assistance Program (CIAP), and existing capacities of the Member entities and others around the Gulf of Mexico.

Monitoring: The Council recognizes the importance of measuring outcomes in order to achieve tangible results and ensure that funds are invested in a meaningful way. Monitoring can both assess the overall effectiveness of the Council's currently selected investments and help inform the selection of future projects. While each Council-funded project will perform site-specific monitoring, the Council is also investing in a broader monitoring and coordination effort that will build on existing programs and establish protocols and standards to enable data to be aggregated. This investment will help the Council evaluate progress towards comprehensive ecosystem restoration and leverage ongoing efforts. In addition, to support science-based decision-making, the Council is investing in pilot projects that include data compilation, collection and assessment that will enable a better understanding of ecosystem change over time as a result of restoration and/or other human activities.

Summary of Initial FPL Impacts

This Initial FPL will provide substantial near-term ecological benefits and will help set the stage for future success with large-scale, comprehensive Gulf restoration. Among other activities, this FPL will:

- ***Restore and Conserve Habitat*** by focusing on projects that restore and enhance the health, diversity, and resilience of key marsh habitat and other coastal, estuarine, and marine habitats;
- ***Restore*** over 200,000 acres of valuable forest and wetland habitat through hydrologic restoration activities, for example by backfilling 16.5 miles of abandoned oil and gas canals;
- ***Conserve*** approximately 18,485 acres of high value coastal habitat;
- ***Protect*** existing coastal ecosystems by plugging 11 abandoned oil and gas wells;
- ***Improve*** water quality by working with private land owners to eliminate the use of approximately 16,000 pounds of fertilizer annually up to 15 years, and by funding activities that will result in water pollutant load reductions of approximately 60,000 pounds annually;

- ***Advance*** comprehensive restoration by funding a range of water quality and/or habitat restoration planning efforts in 10 key watersheds and estuaries;
- ***Support*** local communities through workforce development and skills training in restoration related industries; and
- ***Invest*** in Gulf-wide science, coordination, and planning programs.

Activities in this Initial FPL will be conducted in cooperation with other ecosystem restoration and science initiatives occurring in the Gulf, including the ongoing *Deepwater Horizon* Natural Resource Damage Assessment (NRDA) and the National Fish and Wildlife Foundation (NFWF) Gulf Environmental Benefit Fund (GEBF).

This Initial FPL is comprised of two separate categories of activities. The purpose of these categories is to clearly distinguish between those FPL activities that the Council is currently approving and funding (Category 1 activities) and those that are Council priorities for further review and potential future funding (Category 2 activities).

This Initial FPL funds approximately $156.6 million in Category 1 restoration activities such as hydrologic restoration, land conservation, and planning for large-scale restoration projects. For the possible implementation of activities in the future, the Council is reserving approximately $26.6 million. The Council is not, in this Initial FPL, proposing to commit to the expenditure of any of these reserved funds for any particular activity, including any activity listed in Category 2. The reserved funds may be used for some, all or none of the activities listed in Category 2 and/or to support other activities not currently under consideration by the Council. Any subsequent material modifications of this Initial FPL, and any related funding decisions, will be made by the Council through Significant Action Votes[1].

As needed, the Council intends to review each activity in Category 2 in order to determine whether to: (1) move the activity to Category 1 and approve it for funding, (2) remove it from Category 2 and any further consideration, or (3) continue to include it in Category 2. Reasons for removing an activity from further consideration may include a failure to address legal requirements or the emergence of feasibility, environmental, scientific, technical, policy or other related issues.

If an activity is listed in both Categories 1 and 2, it means the Council is approving funding for the planning and/or technical assistance portion of the activity (in Category 1), while further considering whether to fund the associated implementation activity (in Category 2). Council approval of funding for a planning or technical assistance activity does not mean that the Council is committing to funding any associated implementation activities in the future.

[1] Under the Act, a Significant Action Vote requires the affirmative vote of the Federal Chairperson and a majority of the State members for the action to become effective.

	Initial Funded Priorities List

Activity	Watershed/ Estuary	Type	Responsible Council Member(s)/Partnering Council Member(s)	FPL Category	Cost
Bahia Grande Coastal Corridor	***Laguna Madre, TX***	Implementation	State of Texas/Department of Interior (DOI)	1	$4,378,500
Plug Abandoned Oil and Gas Wells		Implementation	DOI/State of Texas	1	$1,317,567
Bahia Grande Wetland System Restoration		Planning	Department of Commerce and National Oceanic and Atmospheric Administration (DOC-NOAA)/DOI and State of Texas	1	$404,318
Bahia Grande Wetland System Restoration		Implementation	DOC-NOAA/DOI and State of Texas	2	$968,863
Matagorda Bay System Priority Landscape Conservation	***Matagorda Bay, TX***	Implementation	State of Texas	1	$6,012,000
Bayou Greenways	***Galveston Bay, TX***	Planning & Implementation	State of Texas	1	$7,109,000
Texas Beneficial Use/Marsh Restoration		Planning	State of Texas	1	$968,000
Jean Lafitte Canal Backfilling	***Mississippi River Delta, LA***	Implementation	DOI	1	$8,731,000
West Grand Terre Beach Nourishment and Stabilization		Planning	State of Louisiana	1	$7,259,216
Golden Triangle Marsh Creation		Planning	State of Louisiana	1	$4,347,733

Biloxi Marsh Living Shoreline		Planning	State of Louisiana	1	$3,220,460
Mississippi River Reintroduction into Maurepas Swamp		Planning	State of Louisiana	1	$14,190,000
Lowermost Mississippi River Management		Planning	State of Louisiana/U.S. Army Corps of Engineers (USACE)	1	$9,300,000
Bayou Dularge Ridge, Marsh & Hydrologic Restoration		Planning	U.S. Department of Agriculture (USDA) on behalf of Chitimacha Tribe of Louisiana	1	$5,162,084
Deer Island Beneficial Use Site	***Mississippi Sound, MS***	Implementation	USACE/State of Mississippi	1	$3,000,000
Strategic Land Protection, Conservation, and Enhancement of Priority Gulf Coast Landscapes		Planning & Implementation	State of Mississippi/USDA and DOI	1	$15,500,000
SeaGrant Education and Outreach		Planning & Implementation	State of Mississippi/USDA, Environmental Protection Agency (EPA) and DOI	1	$750,000
The Mississippi Sound Estuarine Program		Planning & Implementation	State of Mississippi	1	$2,270,000
Enhancing Opportunities for Beneficial Use of Dredge Sediments		Planning	State of Mississippi/USACE and State of Alabama	1	$2,180,000
Coastal Alabama Comprehensive Watershed Restoration Planning Project	***Mobile Bay, AL***	Planning	State of Alabama/EPA	1	$4,342,500
Alabama Living Shorelines Program		Planning	State of Alabama/USACE	1	$908,500
Comprehensive Living Shoreline Monitoring		Planning	State of Alabama	1	$25,000

Alabama Submerged Aquatic Vegetation Restoration & Monitoring Program		Implementation	State of Alabama	1	$875,000
Marsh Restoration in Fish River, Weeks Bay, Oyster Bay & Meadows Tract		Planning	DOC-NOAA/State of Alabama	1	$907,954
Mobile Bay National Estuary Program		Planning	EPA/State of Alabama	1	$358,000
Upper Mobile Bay Beneficial Use Wetland Creation Site		Planning	USACE/State of Alabama, DOI and DOC	1	$2,500,000
Enhancing Opportunities for Beneficial Use of Dredged Sediments		Planning	State of Alabama/State of Mississippi and USACE	1	$3,000,000
Alabama Living Shorelines Program		Implementation	State of Alabama	2	$5,341,500
Comprehensive Living Shoreline Monitoring		Implementation	State of Alabama	2	$3,975,000
Marsh Restoration in Fish River, Weeks Bay, Oyster Bay & Meadows Tract		Implementation	DOC-NOAA/State of Alabama	2	$2,250,089
Mobile Bay National Estuary Program		Implementation	EPA/ State of Alabama	2	$1,742,000
Pensacola Bay Living Shoreline - Phase I	***Pensacola Bay, FL***	Planning	State of Florida	1	$231,314
Beach Haven - Joint Stormwater & Wastewater Improvement Project - Phase II		Implementation	State of Florida	1	$5,967,000
Bayou Chico Contaminated Sediment Removal- Planning, Design, and Permitting		Planning	State of Florida	1	$356,850
Pensacola Bay Living Shoreline - Phase I		Implementation	State of Florida	2	$1,564,636

Apalachicola Watershed Agriculture Water Quality Improvements	***Apalachicola Bay, FL***	Implementation	State of Florida/USDA	1	$2,219,856
Tate's Hell Strategy 1		Planning & Implementation	USDA/ State of Florida	1	$7,000,000
Money Bayou Wetlands Restoration		Planning	DOC-NOAA/ State of Florida	1	$387,726
Apalachicola Bay Oyster Restoration		Planning	State of Florida	1	$702,000
Money Bayou Wetlands Restoration		Implementation	DOC-NOAA/ State of Florida	2	$852,653
Apalachicola Bay Oyster Restoration		Implementation	State of Florida	2	$3,978,000
Suwannee River Partnership Irrigation Water Enhancement Program	***Suwannee Watershed, FL***	Implementation	State of Florida/USDA	1	$2,884,000
Palm River Restoration Project Phase II, East McKay Bay	***Tampa Bay, FL***	Planning	State of Florida	1	$87,750
Robinson Preserve Wetlands Restoration		Planning	DOC-NOAA/ State of Florida	1	$470,910
Tampa Bay National Estuary Program		Planning	EPA/ State of Florida	1	$100,000
Palm River Restoration Project Phase II, East McKay Bay		Implementation	State of Florida	2	$497,250
Robinson Preserve Wetlands Restoration		Implementation	DOC-NOAA/ State of Florida	2	$1,319,636
Tampa Bay National Estuary Program		Implementation	EPA/ State of Florida	2	$2,000,000
Council Monitoring & Assessment Program Development	***Gulf-wide***	Planning	DOC-NOAA and DOI-U.S. Geological Survey (USGS)/All Council Members	1	$2,500,000
GOMA Coordination		Planning	State of Alabama/DOC and DOI	1	$375,000

Strategic Conservation Assessment Framework		Planning	DOI/All Council Members	1	$1,879,380
Baseline Flow, Gage Analysis & On-Line Tool to Support Restoration		Planning & Implementation	EPA and DOI-USGS/All Council Members	1	$5,800,000
Gulf Coast Conservation Reserve Program		Planning & Implementation	USDA/State of Mississippi	1	$6,000,000
Gulf of Mexico Conservation Enhancement Grant Program		Planning	EPA/All Council Members	1	$375,000
Gulf of Mexico Habitat Restoration via Conservation Corps Partnerships		Implementation	DOC/DOI and States of Alabama, Florida, Louisiana, Mississippi and Texas	1	$8,000,000
Gulf of Mexico Estuary Program		Planning	EPA/State of Florida	1	$2,200,000
Gulf of Mexico Conservation Enhancement Grant Program		Implementation	EPA/All Council Members	2	$2,125,000

Given the size and breadth of the Gulf Coast region, it would be impossible to address all the ecosystem needs with the funds currently in hand. However, it is possible to begin making substantial gains in important areas by focusing resources on watersheds and estuaries that have been identified as priorities by the public, Council members, and independent scientists. To that end, the Initial FPL focuses on key watersheds and estuaries across the Gulf, using conservation and restoration techniques that are tailored to the needs of the specific area.

This FPL does not represent a precedent for future FPLs. The FPL will be reviewed at least annually, and future iterations will be developed as additional funding becomes available. The Council anticipates that once the full amount of funds ultimately available under the RESTORE Act is certain, future FPL iterations would include significantly larger projects and project lists with greater funding amounts that reflect the full amount available to be spent for restoration activities. The types of activities included in future FPLs may differ from those contained herein, which are based on currently available funding and reflect priorities relevant at this stage in the Council's planning and restoration efforts.

The Council will play a key role in helping to ensure that the Gulf's natural resources are sustainable and available for future generations. Currently available Gulf restoration funds and those that may become available in the future represent a great responsibility. The ongoing involvement of the people who live, work and play in the Gulf region is critical to ensuring that these monies are used wisely and effectively.

The Council recognizes the importance of measuring outcomes and impacts in order to achieve tangible results and ensure that funds are invested in a meaningful way. The Council will consider a variety of methods to measure and report on the results and impacts of Council-Selected Restoration Component activities and will include project- or program-specific measurement and reporting requirements in funding agreements with Council Members.

The Council plans to review the process it used to develop the FPL during 2016. The goal is to determine what aspects of the process worked best and to see where improvements might be needed to enhance the efficiency and effectiveness of future FPLs. As noted above, the Council has already received valuable public feedback. The Council also intends to begin the process of updating the Comprehensive Plan. Although not required until 2018, working on the Comprehensive Plan update now would help position the Council to most effectively administer additional funds that could become available to the Trust Fund if and when the Consent Decree become final. As part of this effort, the Council will work to produce the ten-year funding strategy required by the RESTORE Act.

Spill Impact Component

While the Council will select and fund projects and programs to restore the ecosystem with Council-Selected Restoration Component funds, the Spill Impact Component funds will be invested in projects, programs, and activities developed by the States and identified in approved State Expenditure Plans (SEPs). The RESTORE Act allocates 30 percent of the Trust Fund to the Gulf Coast States under a formula established by the Council through a regulation, and spent according to individual SEPs. Each State will develop an SEP describing how it will disburse the amounts allocated to it under the Spill Impact Component. These projects and programs will be implemented through grants to the States in a manner that is consistent with the requirements of the RESTORE Act as well as the goals and objectives of the Comprehensive Plan.

The RESTORE Act provides the scope of activities eligible for funding under the Spill Impact Component. As described in the RESTORE Act, these activities can include:

- Restoration and protection of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region.
- Mitigation of damage to fish, wildlife, and natural resources.
- Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan, including fisheries monitoring.
- Workforce development and job creation.
- Improvements to or on State parks located in coastal areas affected by the *Deepwater Horizon* oil spill.
- Infrastructure projects benefitting the economy or ecosystem resources, including port infrastructure.
- Coastal flood protection and related infrastructure.
- Planning assistance.
- Administrative costs of complying with the Act.
- Promotion of tourism in the Gulf Coast region, including recreational fishing.
- Promotion of the consumption of seafood harvested from the Gulf Coast region.

In August 2014, the Council published an Interim Final Rule in the *Federal Register* for Gulf Coast States and Florida counties to receive funding for development of SEPs. The Final Rule was published on January 13, 2015. The Final Rule provides access to up to five percent of the funds available to each State under the Spill Impact Component for Plan development.

On April 3, 2015, the State of Florida (represented by the Gulf Consortium, a public entity representing Florida's 23 coastal counties) submitted its application for a Planning SEP. The application was approved on May 21, 2015. On September 21, 2015, the State of Mississippi submitted its application for a Planning SEP. The application was approved on November 2, 2015.

On September 29, 2015, the Council published a draft Spill Impact Component regulation in in the *Federal Register* for a 30-day public comment period. The draft regulation was published pursuant to the RESTORE Act's requirement that the Council establish by regulation a formula, implementing the criteria set forth in

33 U.S.C. § 1321(t)(3)(A)(ii) for allocation of Spill Impact Component funds and disbursed to each State, that is based on a weighted average of the following three criteria:

- 40 percent based on the proportionate number of miles of shoreline in each State that experienced oiling on or before April 10, 2011, compared to the total number of miles of shoreline throughout the Gulf Coast region that experienced oiling as a result of the *Deepwater Horizon* oil spill;

- 40 percent based on the inverse proportion of distance from DWH rig to the middle of oiled shoreline in each Gulf State; and

- 20 percent based on the average county population in the 2010 Decennial Census of coastal counties bordering the Gulf of Mexico within each State.

Using the formula and information set forth in the Rule, the allocation of Spill Impact Component funds among the five States is:

- Alabama – 20.40 percent;
- Florida – 18.36 percent;
- Louisiana – 34.59 percent;
- Mississippi – 19.07 percent; and
- Texas – 7.58 percent.

The Council received 26 comments on the proposed Rule. Eleven of the comments received addressed the Rule. Fourteen others were received that were additional comments on the Council-Selected Restoration Component or otherwise did not address the Rule. Comments and associated responses are posted on the Council website at: https://www.restorethegulf.gov/sites/default/files/SICR_Response_to_Public_Comment_FINAL_%2011-30-2015.pdf.

On December 9, 2015, the RESTORE Council voted to approve the final rule (https://www.restorethegulf.gov/sites/default/files/SICR_FINAL_Approved_Dec_9.pdf) and published the final rule in the *Federal Register* on December 15, 2015 (https://www.federalregister.gov/agencies/gulf-coast-ecosystem-restoration-council#recent_articles). The Rule will become effective on the date that the Federal court in Louisiana approves and enters the Consent Decree.

Development of State Expenditure Plans

The Council recognizes that each Gulf Coast State is unique and may have a distinct set of priorities. State Expenditure Plans may include the following information, and must comply with the RESTORE Act and applicable regulations:

- The amount of funding needed for each project, program, and activity selected by the State for planning and implementation; the proposed start and completion dates; and specific mechanisms that will be used to monitor and evaluate the outcomes and impacts of each project, program, and activity.

- A description of how the best available science, as applicable, informed the State's project, program, and activity selection.
- A statement that all included projects, programs, and activities are eligible activities under the RESTORE Act.
- A statement that all included projects, programs, and activities do not exceed the 25 percent funding limit for infrastructure, unless the State Expenditure Plan documents an exception in accordance with the RESTORE Act.
- A description of how all included projects, programs, and activities contribute to the overall ecosystem and economic recovery of the Gulf Coast.
- A description of how all projects, programs, and activities are consistent with the Goals and Objectives of this Plan. The Council views "consistent" to mean that the Gulf Coast States will implement eligible projects, programs, and activities that will further one or more of the five Goals and will be implemented in a manner that does not have a negative impact on the Gulf Coast ecosystem restoration projects and programs selected for implementation by the Council.
- A description of the process the State will use to ensure appropriate public and Tribal participation and transparency in the project, program, and activity selection process.
- A description of the financial controls and other financial integrity mechanisms to be used for the purposes of the RESTORE Act.
- A description of the methods the State will use to measure, monitor, and evaluate the outcomes and impacts of funded projects, programs, and activities.
- To the extent known, a description of any certain or prospective collaborations or partnerships to be used or created through the selection process.
- To the extent known, a description of any additional resources that will be leveraged to meet the goals of the State Expenditure Plan.

The Council will review each SEP to ensure that it is consistent with Goals and Objectives set forth in the Initial Comprehensive Plan and that all requirements are met. The States will make SEPs available to the public and Tribes for a period of 45 days. Once submitted by the States, the Council will approve or disapprove an SEP within 60 days. If an SEP does not meet the applicable requirements, the Council will work with the State to address any outstanding issues.

Organizational Independence and Administration

Congress created the Council as an independent entity in the federal government. In so doing, Congress provided the opportunity to leverage the tremendous expertise of the five Gulf States as well as that of six Federal agencies—invaluable resources that will facilitate sound and inclusive restoration decisions and inform complex task of comprehensive restoration of the Gulf Coast region.

In fiscal year 2013, the Council initiated a phased approach to standing up the administrative Council entity. In fiscal year 2014, the Council established basic administrative operations and processes, developed the process for evaluating and selecting projects under the Council-Selected Restoration Component, issued guidance for approving the State Expenditure Plans, and issued an Interim Final Rule for the Spill Impact Component Planning Allocation. In fiscal years 2013 and 2014, the Council was administratively housed within the Department of Commerce for start-up efforts.

In fiscal and calendar year 2015, the Council established itself as a fully functioning, independent Federal entity. A financial, internal control and administrative infrastructure was established to enable basic administrative and operational planning activities to be carried out. The Council adopted foundational rules and procedures through the development of Standard Operating Procedures. Office space for a small central headquarters is up and running in New Orleans, supported by a distributed organizational structure across the Gulf Coast States and Washington, DC. The Council filled key management positions, including the Deputy Executive Director, Senior Science Advisor, General Counsel, and Director of Environmental Compliance. Critical staff positions such as the Senior Grants Officer and Financial Manager were also filled. The Council continued to demonstrate its interagency cooperation through the placement of detailees from the U.S. Department of Agriculture to fill the position of Director of Tribal Relations, from the State of Mississippi as the Director of Programs, and from the State of Florida as the Director of External Affairs.

Other activities included contracting for an off-the-shelf configurable automated grants management system, and developing policies and procedures for its grant program. The Council selected a web-based grants management system to use as the foundation for its automated grants management system, the Restoration Assistance and Awards Management System (RAAMS). The system has been configured to meet the specific requirements of the statute, and will provide a robust “cradle-to-grave” automated financial assistance (grants) and interagency agreements management system. Completion of the Accreditation and Authorization process was targeted for late November 2015, and was live in early December 2015. In addition to robust post-award management features, this system will collect a broad array of metrics on a project by project basis, thus enabling the Council to develop quantifiable outcomes for its efforts in Gulf-wide ecosystem restoration.

As staff joined the Council, administrative and financial internal controls, policies and procedures were developed, documented and implemented. Additionally, the Council contracted to have an organizational risk assessment performed to assess the adequacy of its entity level policies, procedures and internal controls. This contractor is also developing the remaining administrative and financial policies and procedures, and as part of the risk assessment will review the internal compliance program for the financial assistance program.

Additional information regarding the Council's budget and finances can be found in the Council's fiscal year **2015 Performance and Accountability Report** (PAR) published on the RESTORE Council website: https://www.restorethegulf.gov/sites/default/files/PARfy2015-Final_11-16-2015.pdf

The Council committed to strengthening Tribal relations during fiscal and calendar year 2015 and made significant progress in that regard. It is important to recognize there are 11 Federally Recognized Tribes (Tribes) that reside within the five Gulf Coast States and 27 Federally Recognized Tribes whom have ancestral lands within the Gulf Coast States. These Sovereign Tribal Nations require Government-to-Government relations and the Council proudly accepts this responsibility. In an effort to ensure Tribes are made aware of the Council's activities, the Council hosted four Tribal engagement meetings during fiscal year 2015 and participated in the annual United Southern and Eastern Tribes (USET) meeting. Two of the meetings took place at the Poarch Band of Creek Indians Reservation in Alabama on October 27, 2014, and January 15, 2015; the other two meetings were held in New Orleans, Louisiana on June 18, 2015, and September 3, 2015. The meetings received strong support from the Tribes and Federal agency staff that work on Gulf restoration activities. The Council has scheduled meetings in 2016 to ensure Tribal relations are maintained and further enhanced.

Regulatory Efficiencies

The RESTORE Act provides the Council with the opportunity in this *Annual Report to Congress* to recommend modifications to existing laws that may be necessary to implement the Comprehensive Plan. The Council does not have any legislative recommendations at this time. The Council must comply with the National Environmental Policy Act (NEPA) and other applicable environmental requirements when approving funding under the Council-Selected Restoration Component. While the projects and programs in the draft FPL will have net (or solely) beneficial effects on the environment, compliance with these laws helps minimize any chances for unintended adverse impacts while also providing opportunities for additional information, transparency and public engagement.

Pursuant to White House Council on Environmental Quality regulations, the Council is required to establish policies and procedures for addressing NEPA. Published on May 5, 2015, the Council's NEPA procedures contain policies to ensure that NEPA and other potentially applicable regulatory requirements are addressed as expeditiously as possible. Among other efficiency practices, the Council's NEPA procedures encourage robust interagency coordination and collaboration, along with effective public engagement. The Council's NEPA procedures seek to avoid potential redundancy and inefficiency by encouraging concurrent and unified processes when addressing a range of regulatory requirements. The procedures also contain a provision allowing the Council to use, where appropriate, the NEPA Categorical Exclusions (CEs) of its members. CEs allow for expedited NEPA review of activities that are not anticipated to have significant environmental impacts.

With major Federal regulatory agencies among its members, the Council is well-positioned to ensure that its regulatory actions are both robust and efficient. In developing the FPL, for example, Council members collaborated effectively to identify member CEs that could be used to support the approval of a range of restoration and protection activities, including conservation of valuable habitat, plugging abandoned oil and gas wells, and implementing water quality enhancement measures in key watersheds. The Council also made sure that these regulatory efficiencies did not come at the expense of transparency and public engagement. Though not legally required, the Council provided the public with CE documentation during the review of the draft FPL. The Council is committed to building on these early accomplishments to continuously seek ways to enhance the efficiency, effectiveness and transparency of its environmental compliance.

Conclusion

Five years after the unprecedented disaster in the Gulf, three years after passage of the RESTORE Act, and thanks to the leadership, foresight and cooperation of a bipartisan Congress, we are poised to begin implementing projects that will benefit the natural resources, economy and communities of the Gulf Coast region. The Council is committed to the success of this effort in the long-term and coordination with our restoration partners. More than process, more than any individual project, this effort is about fostering a stronger, healthier, and more resilient region for Gulf Coast communities and future generations to come.

Gulf Coast Ecosystem Restoration Council Members

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Department of the Interior
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Secretary

List of Acronyms and Terms

AIPs	Agreements in Principle
BMP	Best Management Practice
Council	Gulf Coast Ecosystem Restoration Council
USDA	Department of Agriculture
CE	Categorical Exclusions
DOC	Department of Commerce
DOI	Department of Interior
EPA	Environmental Protection Agency
FOIA	Freedom of Information Act
FPL	Funded Priorities List
GSA	General Services Administration
GCCC	Gulf Coast Conservation Corps
GEBF	Gulf Environmental Benefit Fund
NEPA	National Environmental Policy Act
NGO	Non-Government Organization
NOAA	National Oceanic and Atmospheric Administration
NRDA	Natural Resource Damage Assessment
PEA	Programmatic Environmental Assessment
Plan	Initial Comprehensive Plan
RESTORE Act	The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
SEP	State Expenditure Plans
SOP	Standard Operating Procedures
USACE	United States Army Corps of Engineers
USGS	United States Geological Survey

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