



# Fiscal Year 2017 Annual Performance Report

## Gulf Coast ecosystem Restoration Council



Fiscal Year  
Annual Performance Report

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Gulf Coast Ecosystem Restoration Council

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## Preface

Established by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, or the RESTORE Act, codified at 33 U.S.C. § 1321 (t), the Gulf Coast Ecosystem Restoration Council (Council) is comprised of five Governors from the Gulf Coast States of Alabama, Florida, Louisiana, Mississippi and Texas (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 Agriculture currently serves as the Council's Chairperson. 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. The Council recognizes the unique and unprecedented opportunity we have to implement a restoration effort in a way that restores and protects the Gulf Coast environment, reinvigorates local economies and creates jobs in the region. We are committed to working with Gulf communities and partners to invest in actions, projects, and programs that will ensure the long-term environmental health and economic prosperity of the Gulf Coast region

The Council has oversight over the expenditure of 60% of the funds made available from the Gulf Coast Restoration Trust Fund established by the RESTORE Act (Trust Fund). Under the Council-Selected Restoration Component of the RESTORE Act, 30% of available funding will be administered for Gulf-wide ecosystem restoration and protection according to a Comprehensive Plan developed by the Council. Another 30% will be allocated to the States under the Spill Impact Component according to a formula established by the Council 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 and are subject to approval by the Council.

In Fiscal Year 2016 the Council achieved a number of critical milestones in our effort to restore the Gulf. On December 9, 2015, the Council approved an Initial Funded Priorities List (FPL) totaling \$156.6 million, focusing on 10 key watersheds and estuaries, using conservation and restoration techniques tailored to the needs of each specific area. Since then, the Council has initiated funding the projects and programs on the Initial FPL. In addition, the Council formally approved a Spill Impact Component regulation as required by the Act. Funds available under this component will be invested in projects and programs identified in approved State Expenditure Plans (SEPs). The states of Florida, Mississippi and Texas have applied for and received funding to develop SEPs and the states of Louisiana and Mississippi have released draft SEPs for public review and comment.

During the spring of 2016, the Council conducted a "Lessons Learned" review of the development of our Initial Comprehensive Plan and Initial FPL. The Council gained valuable insights from this public review and incorporated much of the feedback in a draft Comprehensive Plan Update. We held meetings across the coast throughout the summer in support of the draft Comprehensive Plan Update which is scheduled to be finalized in December 2016. The update will establish the foundation for future action in 2017 and beyond by emphasizing collaboration and coordination with our restoration partners.

*This report is available on the internet at [RESTORE Council Website](#)*

## Introduction

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, as well as by chronic and acute harm caused by other past and ongoing human actions. Restoring an area as large and complex as the Gulf Coast region is a costly and multi-generational undertaking. 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.

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

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 Council will play a key role in helping to ensure that the Gulf’s natural resources are sustainable and available for future generations. Use of the Gulf restoration funds 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 was formally established in 2015 as a new, independent Federal Agency with a clear mission to implement a long-term, comprehensive plan for the ecological and economic recovery of the Gulf Coast region. This document represents the Council’s first submission of an Annual Performance Plan (APP). In light of this, the Fiscal Year 2016 APP includes a formal “Background” section to provide fundamental information on the Council and its responsibilities. Unlike most federal agencies, the Council does not receive funds through the

annual federal appropriations process (all funds are received through the Trust Fund (Trust Fund)); however the Council does appear in the Appendix to the President's Budget.

### 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 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 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 Gulf Coast Restoration Trust Fund, the RESTORE Act established the Council. The Council is currently chaired by the Secretary of the U.S. Department of Agriculture 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. Pursuant to the RESTORE Act, the Council approved the initial Comprehensive Plan in August 2013, which outlines an overarching framework for an integrated and coordinated approach for region-wide Gulf Coast restoration. The Council updated the Comprehensive Plan in December 2016 in recognition that future success depends upon collaboration among Council members, other Gulf restoration funding partners and the public. Collaboration is needed to break down potential bureaucratic stovepipes and leverage resources to ensure the greatest possible benefit from the Council's investments. Congress established the structure for this collaboration by creating a Council comprised of the States and six federal agencies.

### The Gulf Coast Restoration Trust Fund

The RESTORE Act directs the Council to use the best available science and give highest priority to ecosystem projects and programs that meet one or more of the following four Priority Criteria. The Council will use these criteria to evaluate proposals and select the best projects and programs to achieve comprehensive ecosystem restoration.

- Projects that are projected to make the greatest contribution to restoring and protecting the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region, without regard to geographic location within the Gulf Coast region.
- Large-scale projects and programs that are projected to substantially contribute to restoring and protecting the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast ecosystem.

- Projects contained in existing Gulf Coast State comprehensive plans for the restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region.
- Projects that restore long-term resiliency of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands most impacted by the *Deepwater Horizon* oil spill.

The funds supporting the Council's efforts are defined by the RESTORE Act, which 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.

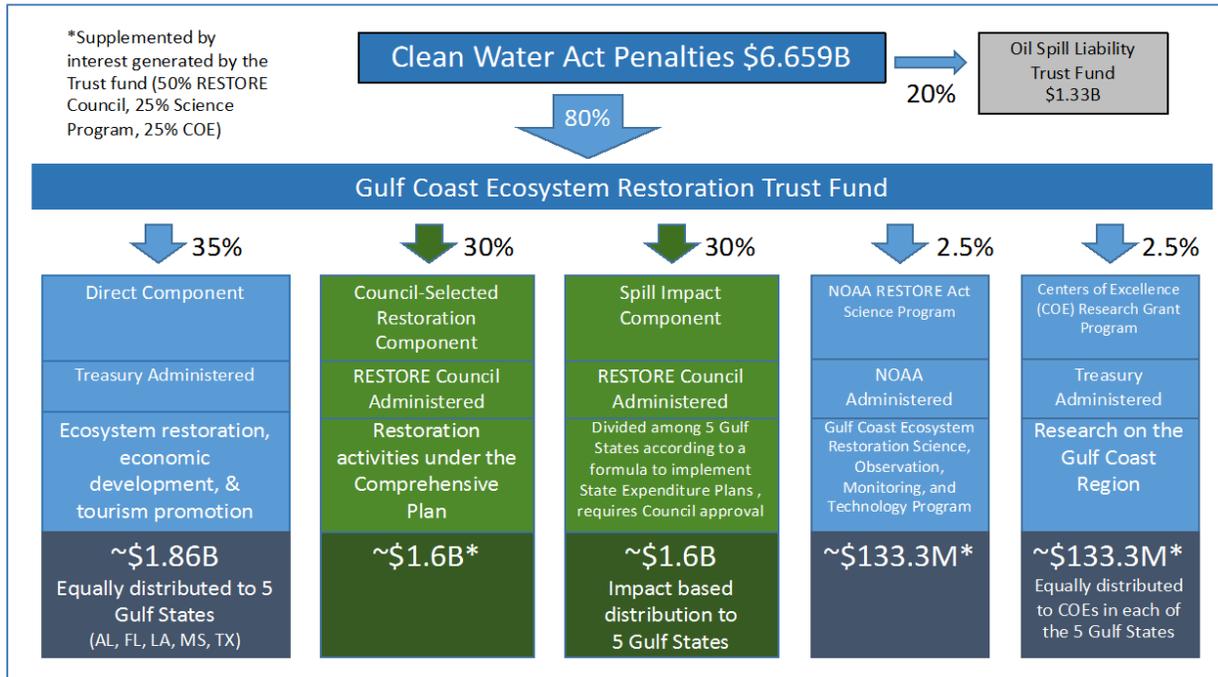
The Council is directly responsible for two of the five components, as follows:

- *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.
- *Spill Impact Component*: 30 percent of the funds are dedicated to the States based on a formula set forth in the RESTORE Act and established by the Council through a regulation. This allocation formula is based on a weighted allocation of 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 *Deepwater Horizon* drilling rig to the 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>).

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. On November 20, 2015 the federal court for the Eastern District Court of Louisiana ordered Anadarko Petroleum Corp. to pay a \$159.5 million civil fine; of this amount, \$128 million, including interest, has been deposited in the Trust Fund. Anadarko was the last defendant in the *Deepwater Horizon* spill Clean Water Act litigation.

On April 4, 2016, a federal court in New Orleans entered a consent decree resolving civil claims against BP arising from the *Deepwater Horizon* oil spill. The resolution of civil claim totals for entities held responsible for the *Deepwater Horizon* oil spill will yield more than \$20 billion, the largest civil penalties ever awarded under any environmental statute, and the largest recovery of damages for injuries to natural resources of The United States. Of these penalties, the RESTORE Act will provide \$5.33 billion (80 percent of \$6.659

billion) to the Trust Fund, based on the following: \$1 billion (plus interest) in civil penalties from Transocean Deepwater Inc. and related entities for violating the Clean Water Act in relation to their conduct in the *Deepwater Horizon* oil spill; \$159.5 million from a civil fine paid by Anadarko Petroleum Corporation; and \$5.5 billion (plus interest) from BP Exploration and Production, Inc. (BP) for a Clean Water Act civil penalty under the April 4, 2016 consent decree, payable over a fifteen-year period.



**Figure 1.** Allocation of the Gulf Coast Restoration Trust Fund based on settlements with BP, Transocean and Anadarko; RESTORE Council oversight components are highlighted in green.

### Council-Selected Restoration Component

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. The Council completed its Initial FPL during the first quarter of fiscal year 2016 ([RESTORE Council's Initial Funded Priority List](#)) using a process that emphasized public input, transparency, coordination with other restoration programs, and rigorous science review.

Activities in the 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).

### Spill Impact Component

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 one or more SEPs 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.

#### *Finalization of State Expenditure Plan Allocations*

On December 9, 2015, the RESTORE Council voted to approve the formula allocating funds made available from the Gulf Coast Restoration Trust Fund among the Gulf Coast States pursuant to Sec.1603(3) of the RESTORE Act for the Spill Impact Component

([State Expenditure Plan Allocations](#)). The final regulation was published in the *Federal Register* on December 15, 2015 ([RESTORE Council Spill Impact Component Final Rule](#)).

On April 4, 2016, the United States District Court for the Eastern District of Louisiana entered a consent decree among the United States; the states of Alabama, Florida, Louisiana, Mississippi and Texas; and BP Exploration and Production Inc. with respect to the civil penalty and natural resource damages in case number MDL No. 2179. The Council regulation implementing the Spill Impact Component was effective as of April 12, 2016.

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.

#### *Development of State Expenditure Plans and Updated Guidelines*

The Council recognizes that each Gulf Coast State is unique and may have a distinct set of priorities. The Council will review each SEP to ensure that it is consistent with Goals and Objectives set forth in the Comprehensive Plan and that all applicable 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.

On March 17, 2016, the Council updated the SEP Guidelines to further describe the required elements of an SEP, the process for submitting an SEP, and the standards by which the Council Chair will evaluate the SEP. The Guidelines also describe the requirements for a Planning SEP authorized by the RESTORE Act Spill Impact Component Planning Allocation Final Rule (80 FR 1584). ([RESTORE Act Spill Impact Component Allocation Final Rule](#)).

On November 16, 2016, the Council's Steering Committee clarified Section 6.1 of the SEP Guidelines with respect to economic projects under the Spill Impact Component. The approved revised language states: "**Criterion 3: Takes into consideration the Comprehensive Plan and is consistent with the goals and objectives of the Comprehensive Plan:** The Council staff will determine whether the State Expenditure Plan as a whole is consistent with the goals and objectives of the Comprehensive Plan. The Council staff will evaluate whether each project contained in the State Expenditure Plan will further one or more of the five goals set forth in Section 4.1.2 and that no project is incompatible with any of the seven objectives set forth in Section 4.1.3; and

will look to see if the projects will be implemented in a manner that does not have a negative impact, direct or indirect, on the Gulf Coast ecosystem restoration projects and programs selected for implementation by the Council under the Comprehensive Plan. For clarity, the absence of an economic objective in Section 4.1.3 does not preclude Chairperson’s approval of an SEP containing economic projects that, along with the other projects in the SEP, are compliant with the requirements and criteria of the RESTORE Act and these Guidelines.”

## Strategic Goals

The task of restoring the Gulf environment is a multi-generational undertaking. A comprehensive approach to Gulf restoration must include the engagement of a wide and diverse array of stakeholders, including federal, state and local governments, Tribes, private businesses, non-governmental organizations (NGOs) and the general public. By working closely with our restoration partners, the Council believes it can make significant progress towards comprehensive Gulf restoration and provide substantial environmental and economic benefits to current and future generations.

A significant component in assisting the Council achieve ecosystem restoration of the Gulf is through its Comprehensive Plan. The Council updated its 2013 Initial Comprehensive Plan (Initial Plan) during 2016 with the intention to provide strategic guidance that will help the Council more effectively address complex and critical challenges inherent to ecosystem restoration in the Gulf of Mexico by:

- Ensuring consistency with the Priority Criteria referenced in the Act;
- Reinforcing the Council’s goals, objectives and commitments;
- Setting forth a Ten-Year Funding Strategy, including a Council vision for ecosystem restoration;
- Increasing collaboration among Council members and partner restoration programs;
- Refining the process for ensuring that the Council’s decisions are informed by the best available science; and
- Improving the efficiency, effectiveness and transparency of Council actions.

Following an extensive public feedback effort, the Council approved the Comprehensive Plan Update on December 16, 2016 (the document is posted on the Council website: [RESTORE Council Website](#)). The Comprehensive Plan Update takes a holistic approach to restoration recognizes the interconnected nature of coastal and marine ecosystems, a fundamental organizational principle of watersheds/estuaries, and the importance of addressing system-wide stressors that reduce ecosystem integrity. The Council’s selections for the 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. Moving forward, the Council will work to use this holistic approach before, during, and after the proposal development, review, and selection processes in order to maximize project benefits and track outcomes.

To provide the overarching framework for an integrated and coordinated approach for region-wide Gulf Coast restoration and help guide the collective actions at the local, state, tribal and federal levels, the Council has adopted five Strategic Goals as follows in the 2013 Comprehensive Plan, recommitting to them (with the

addition of Water Quantity to Strategic Goal 2) in the 2016 Comprehensive Plan Update:

- **Strategic Goal 1:** Restore and Conserve Habitat – Restore and conserve the health, diversity, and resilience of key coastal, estuarine, and marine habitats;
- **Strategic Goal 2:** Restore Water Quality and Quantity – Restore and protect water quality of the Gulf Coast region’s fresh, estuarine, and marine waters;
- **Strategic Goal 3:** Replenish and Protect Living Coastal and Marine Resources – Restore and protect healthy, diverse, and sustainable living coastal and marine resources;
- **Strategic Goal 4:** Enhance Community Resilience – Build upon and sustain communities with capacity to adapt to short- and long-term changes;
- **Strategic Goal 5:** Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy. The fifth goal focuses on reviving and supporting a sustainable Gulf economy to ensure that those expenditures by the Gulf Coast States authorized in the RESTORE Act under the Direct Component (administered by the Department of the Treasury) and the Spill Impact Component can be considered in the context of comprehensive restoration.

To achieve all five goals, the Council will support ecosystem restoration that can enhance local communities by giving people desirable places to live, work, and play, while creating opportunities for new and existing businesses of all sizes, especially those dependent on natural resources. In addition, the Council will support ecosystem restoration that builds local workforce capacity.

## Strategic Objectives

The Council will select and fund projects and programs that restore and protect the natural resources, ecosystems, water quality, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region. Projects and programs not within the scope of these Strategic Objectives for ecosystem restoration will not be funded under the Council-Selected Restoration Component. The Strategic Objectives are not listed in any particular order, and the Council does not anticipate that restoration efforts funded under the Council-Selected Restoration Component will be equally distributed among these objectives. Further, restoration projects and programs are likely to achieve multiple objectives simultaneously.

- **Strategic Objective 1:** Restore, Enhance, and Protect Habitats – Restore, enhance, and protect the extent, functionality, resiliency, and sustainability of coastal, freshwater, estuarine, wildlife, and marine habitats. These include barrier islands, beaches, dunes, coastal wetlands, coastal forests, pine savannahs, coastal prairies, submerged aquatic vegetation, oyster reefs, and shallow and deep water corals.
- **Strategic Objective 2:** Restore, Improve, and Protect Water Resources – Restore, improve, and protect

the Gulf Coast region's fresh, estuarine, and marine water resources by reducing or treating nutrient and pollutant loading; and improving the management of freshwater flows, discharges to and withdrawals from critical systems.

- **Strategic Objective 3:** Protect and Restore Living Coastal and Marine Resources – Restore and protect healthy, diverse, and sustainable living coastal and marine resources including finfish, shellfish, birds, mammals, reptiles, coral, and deep benthic communities.
- **Strategic Objective 4:** Restore and Enhance Natural Processes and Shorelines – Restore and enhance ecosystem resilience, sustainability, and natural defenses through the restoration of natural coastal, estuarine, and riverine processes, and/or the restoration of natural shorelines.
- **Strategic Objective 5:** Promote Community Resilience – Build and sustain Gulf Coast communities' capacity to adapt to short- and long-term natural and man-made hazards, particularly increased flood risks associated with sea-level rise and environmental stressors. Promote ecosystem restoration that enhances community resilience through the re-establishment of non-structural, natural buffers against storms and flooding.
- **Strategic Objective 6:** Promote Natural Resource Stewardship and Environmental Education – Promote and enhance natural resource stewardship efforts that include formal and informal educational opportunities, professional development and training, communication, and actions for all ages.
- **Strategic Objective 7:** Objective Improve Science-Based Decision-Making Processes – Improve science-based decision-making processes used by the Council.
- **Management Focused Strategic Objective:** Organizational Excellence – Council staff will provide exceptional service to Council members, partner state and federal agencies, and public, private, and other stakeholders to support the Council's efforts to achieve integrated and coordinated efforts for region-wide Gulf Coast restoration.

## Performance Metrics for Individual Council-Funded Programs and Projects

The Council has currently identified 53 performance-level metrics for grants to states and Interagency Agreements (IAA) with the federal members funded through the Council-Funded Component ("Bucket 2"), and for grants funded under the Spill Impact Component ("Bucket 3") of the RESTORE Act. These metrics will be used to monitor and evaluate the efficacy of projects and programs in meeting mission goals and objectives of the Council and track annual performance. For each of the performance metrics, the associated Strategic Objective supported by that metric is provided, along with the supporting activity/outcomes), metric description, and the overarching concomitant approach to support ecosystem restoration.

- **Habitat Conservation:** Activities, projects and/or programs that protect critical freshwater, estuarine and near-shore coastal habitats that are fully functional (i.e., remain unaffected by storms, oil spill, or other man-made or natural disruptions)(e.g., land acquisition; conservation easements);
- **Habitat Restoration:** Activities, projects, and/or programs that rebuild the critical habitats that have been lost through either man-made or natural impacts (e.g., living shorelines, beneficial use);
- **Habitat Management:** Activities, projects and/or programs which focus on long-term sustainability using a variety of techniques intended to increase tidal exchange, freshwater availability, and water quality all needed to improve habitat function and longevity (e.g., restoration of freshwater flow by removal of blockages);
- **Capacity, Outreach, Incentives:** Activities, projects and/or programs which provide educational and engagement opportunities for stakeholders that live, work or recreate in the Gulf of Mexico region to enable a better understanding of the Council member’s ecosystem restoration efforts;
- **Planning, Research, Monitoring:** Activities, projects and/ or programs which are forward-looking to investigate the feasibility and best practices for an ecosystem restoration effort (e.g., planning and/or research to determine the efficacy for a sediment diversion), or setting up monitoring protocols to ensure accuracy to support data sharing and adaptive management;
- **Economic Benefits:** Activities, projects and/or programs which are designed to determine the financial or other economic indicators of the value of ecosystem restoration efforts to local, city, county, state and national stakeholders.

## Performance Goals and Indicators: Results for Fiscal Year 2017

The Council’s 2017 Annual Performance Plan (APP) described the specific actions the Council planned to take during fiscal year 2017 in furtherance of its long-term effort to restore the Gulf of Mexico ecosystem as laid out by the Council’s 2013 and Updated 2016 Comprehensive Plan which serves as its strategic framework.

On April 4, 2016, the federal court in New Orleans entered a consent decree resolving civil claims against BP arising from the *Deepwater Horizon* oil spill. This historic settlement resolves, among other things, the U.S. government’s civil and administrative claims under the Clean Water Act, the governments’ claims for natural resources damage under the Oil Pollution Act, and also involves a related settlement of economic damage claims of the Gulf States and local governments. Taken together this resolution of civil claims totals more than \$20 billion (see Figure 4) and is the largest civil penalty ever paid by any defendant under any environmental statute, and the largest recovery of damages for injuries to natural resources.

Under the consent decree, over a fifteen-year period, BP will pay a Clean Water Act civil penalty of \$5.5 billion (plus interest), \$8.1 billion in natural resource damages (this includes \$1 billion BP already paid for early restoration), up to an additional \$700 million (some of which is in the form of accrued interest) for adaptive

management (including planning activities or to adapt, enhance, supplement, or replace existing restoration projects selected by the Trustees) or to address injuries to natural resources that were unknown to the Trustees as of July 2, 2015, and \$600 million for other claims, including claims under the False Claims Act, royalties, and reimbursement of NRDA costs and other expenses due to this incident.

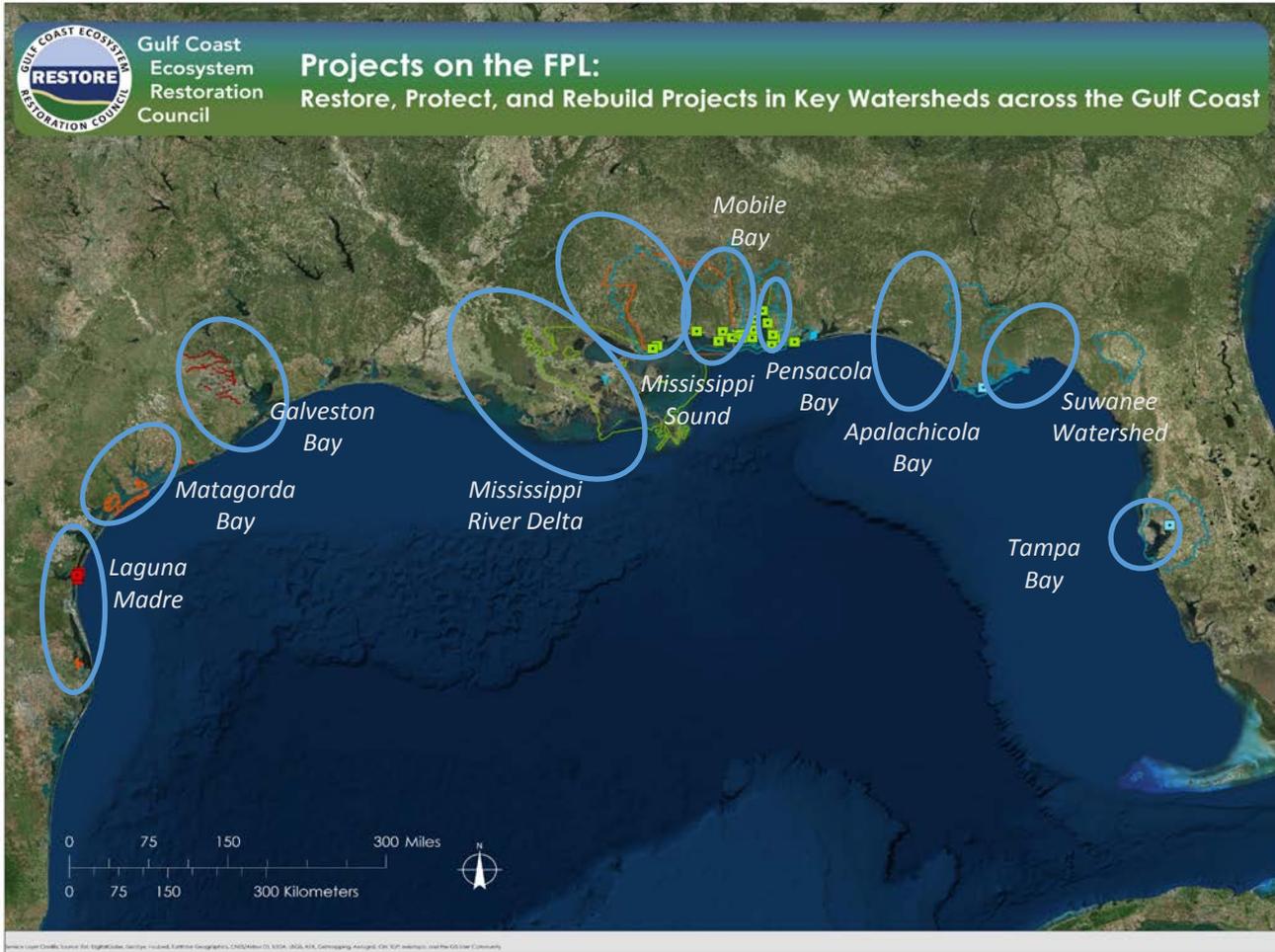
The Council approved an Initial Comprehensive Plan in August 2013, which set forth goals and objectives for advancing comprehensive Gulf restoration. There have been important developments that warrant an update of the Council's Comprehensive Plan. Specifically, the resolution of civil claims against BP has provided clarity regarding the amount and timing of funds available to the Council enabling the development of a Ten-Year Funding Strategy, as required by the RESTORE Act.

### Performance Goal 1: Promote a Gulf-Wide Comprehensive Approach to Restoration

The Council is moving forward with an integrated and coordinated approach to Gulf Coast restoration. This approach strives to both restore the Gulf Coast region's environment and, at the same time, revitalize the region's economy because the Council recognizes that ecosystem restoration investments may also improve economic prosperity and quality of life. In addition, this approach acknowledges that coordinated action with other partners is important to successfully restore and sustain the health of the Gulf Coast region. This coordination is particularly important because diverse funding sources and decision-making bodies are simultaneously investing in Gulf Coast restoration

*Performance Indicator 1: Promote gulf-wide restoration efforts on a watershed-estuary scale rather than random acts of restoration through examination of stressors and environmental drivers with Council members, the NGO community, interested stakeholders and public during fiscal year 2017. The Council will consider the extent to which projects will substantially improve the restoration or conservation of key watersheds without regard to political boundaries, or that provide foundational support for future efforts towards gulf-wide restoration.*

On December 9, 2015, the Council voted to approve the Initial FPL. The Initial FPL is organized around ten key watersheds/estuaries across the Gulf to concentrate and leverage available funds to address critical ecosystem needs in high priority locations (Figure 2). The Council identified activities for the Initial FPL that would either complement each other or have synergistic effects with other restoration projects. Taking a holistic approach to restoration recognizes the interconnected nature of coastal and marine ecosystems, a fundamental organizational principle of watersheds/estuaries, and the importance of addressing system-wide stressors that reduce ecosystem integrity. The Council's selections for the Initial 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. Moving forward, the Council will work to use this holistic approach in order to maximize project benefits and track outcomes.



**Figure 2.** Ten key watershed/estuaries identified in the Initial Funded Priorities List.

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 Initial 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.

The Council approved the Comprehensive Plan Update on December 16, 2016 (the document is posted on the Council website: [RESTORE Council Website](#)). The Comprehensive Plan Update takes a holistic approach to restoration recognizes the interconnected nature of coastal and marine ecosystems, a fundamental

organizational principle of watersheds/estuaries, and the importance of addressing system-wide stressors that reduce ecosystem integrity.

As part of the Comprehensive Plan Update, the Council recognized that a clear and concise vision statement can help direct and shape future funding decisions. The Council believes that its vision statement for the Ten-Year Funding Strategy should include reference to both the desired environmental outcome and the process used to get there. Furthermore, the Council will build upon the tremendous restoration experience, science expertise, and other capabilities of its diverse membership of state and federal agencies. The Council's collective wisdom is greater than the sum of its individual parts.

The Council sought to capture this sentiment as well as other key elements as it developed the following vision statement:

***A healthy and productive Gulf ecosystem achieved through collaboration on strategic restoration projects and programs.***

During Fiscal Year 2017, the Council has also worked to expedite the funding of projects and programs approved in the Initial FPL and awarded funds for thirteen Initial FPL projects, totaling \$62.14 million. This is in addition to the 2016 awards for ten Initial FPL projects totaling \$34.38 million. A more detailed summary of funded projects is found under **Council-Selected Restoration Performance Excellence**, *Performance Indicators 4 and 5* below.

*Performance Indicator 2: Promote coordination and collaboration among members and other restoration efforts of Gulf restoration to maximize the Council's "return on investment."* The following are elements of this performance indicator:

- *This will be accomplished by strengthened partnerships, identifying leveraging expertise and opportunities toward encouraging projects that comprise a holistic approach to ecosystem-wide restoration through development of a Council Collaboration Strategy by the end of fiscal year 2017.*
- *Facilitate coordination, collaboration, and connection of Gulf Restoration Activities - coordination and collaboration among members and our restoration partners, critical to the success of Gulf restoration, through regular meetings with the state and Gulf wide Technical Implementation Groups of the Natural Resource Damage Assessment, and Gulf Environmental Benefit Fund to find inter-program efficiencies through fiscal year 2017.*
- *Facilitate dialogue among Gulf restoration partners by identifying potential gaps that limit our collective ability to achieve large-scale restoration and by serving as the connector between funding sources through regional and state collaboration meetings sponsored by the Council during fiscal years 2017.*

The activities under this Performance were accomplished through finalizing the Comprehensive Plan Update during the first quarter of Fiscal Year 17. The 2016 Comprehensive Plan update commits to enhancing public engagement and the use of best available science to support a holistic approach to Gulf restoration. These commitments are intended ensure that future Council investments provide the greatest possible ecological return. Following is a list of the specific commitments made in the Comprehensive Plan Update (Table 1).

Table 1. Council Comprehensive Plan Commitments from the 2016 Comprehensive Plan Update.

Topic	Commitment
<b>Development of Funded Priority Lists</b>	Take a holistic approach to restoration
	Continue to improve FPL Submission Guidelines
	Adopt the watershed/estuary-based approach as a strategic planning principle for future FPL development
	Healthy and sustainable ecosystems are essential for thriving and resilient coastal communities
	Encourage partnerships and additional public and private financial and technical support to maximize outcomes and impacts
	Identify and leverage new sources of funding to support current and future restoration work by exploring creative conservation funding
	Refine the Council processes for considering public input on draft FPLs before finalizing changes to the final FPL
	Project evaluation and selection will be conducted in the most open manner feasible
	Update and improve the process for applying best available science to FPL proposals, including exploring the use of one or more science review panels
<b>Collaboration and Coordination</b>	Sponsor and participate in meetings and workshops in 2017 and into 2018
	Facilitate meaningful engagement with range of stakeholders
	Maximize outcomes by leveraging funds and expertise

Topic	Commitment
	Coordination and collaboration among members and our restoration partners is critical to the success of Gulf restoration
	Coordinate regulatory efforts across Council membership
<b>Science</b>	Decisions made pursuant to the FPL will be based on the best available science
	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

It is now incumbent upon the Council to meet these commitments. Prior to 2017, no designated funding stream existed to support Council member efforts to plan and coordinate restoration activities under the Council-Selected Restoration Component. Historically, Council members had to rely upon general, tax-generated or appropriated funds to support their work on matters such as FPL development and the Comprehensive Plan update.

To address this challenge during Fiscal Year 2017 the Council developed the Commitments and Planning Support Funded Priority List (CPS FPL) to ensure the Council members have the resources needed to develop highly effective projects and programs for future funding under the Council-Selected Restoration Component. Under the CPS FPL, each of the eleven Council members may apply for up to \$500,000 per year for up to three years and up to \$300,000 per year for two years thereafter. This equals up to \$23.1 million, or 1.44% of the total funds available (not including interest) in the Council-Selected Restoration Component. As with the Initial FPL, the CPS FPL includes a clause that incentivizes savings and efficiency by enabling the Council to apply unused planning funds to projects and programs sponsored by the member that achieves the savings.

The CPS FPL funding will provide the necessary resources for Council members to stimulate and encourage the coordination and collaboration necessary to achieve the commitments of the Comprehensive Plan. Specifically, the CPS FPL funding will provide funds necessary for members to:

- Strengthen ecosystem restoration proposals for future FPL(s) under the Council-Selected Restoration Component;
- Enhance the efficiency of future FPL development processes; and
- Facilitate long-term planning and leveraging efforts across funding streams.

The Council believes that investing a relatively small amount of time and resources in planning can ensure that restoration projects selected for funding will yield greater ecosystem benefits in the future. The Council will review the effectiveness of this funding at year four and consider whether extending planning and commitment support efforts beyond the five-year period is needed to continue to meet the Comprehensive Plan commitments.

## Performance Goal 2: Council-Selected Restoration Performance Excellence

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. The Council completed its Initial FPL during the first quarter of Fiscal Year 2016 ([RESTORE Council's Initial Funded Priority List](#)) using a process that emphasized public input, transparency, coordination with other restoration programs, and rigorous science review.

***Performance Indicator 1:** Draft improved Grant and Interagency Agreement Submission Guidelines to facilitate the development of effective and coordinated proposals by evaluating the efficacy of concepts, lessons learned and best practices for potential inclusion in the next FPL development process.*

In fiscal year 17, Council staff initiated the development of improved Grant and Interagency Agreement Submission Guidelines to facilitate the development of effective and coordinated proposals by evaluating the efficacy of concepts, lessons learned and best practices through execution of a 360 evaluation of the Council's Restoration Assistance and Awards Management System. This effort included both Council Staff (reviewers and processors) and federal and state RESTORE Council members (applicants) to garner a complete evaluation of all aspects of grant and Interagency Agreement submissions. At this time, the next scheduled Funded Priority List will be developed during 2019 and 2020. Submission Guidelines will continue to evolve with concurrence of the Council until the next funding announcement is made, likely in mid-2019.

***Performance Indicator 2:** Update and improve the process for applying best available science to FPL proposals by the end of fiscal year 2017 to ensure Council decisions are informed by the best scientific information available which will include updating the review process questions, continuing the use of external science reviewers, and exploring the use of one or more science review panels.*

Under the RESTORE Act, proposals and grant/interagency agreement (IAA) applications for Gulf Coast Ecosystem Restoration Council (Council)-Selected Restoration Component funds and Spill Impact Component funds must be based on and conducted according to "best available science" (BAS). BAS is defined in the RESTORE Act as science that "maximizes the quality, objectivity, and integrity of information, including statistical information; uses peer-reviewed and publicly available data; and clearly documents and communicates risks and uncertainties in the scientific basis for such projects" (see 33 U.S.C. 1321(a)(27)). The Council supports a process for external independent scientific review of project proposals and applicable project and program grant/IAA applications to address this requirement. Following the identification by Council Science Staff of the need for BAS review, each proposal/application is independently reviewed by at least three external expert science reviewers. In general, one reviewer is from the Gulf state most directly linked to the proposal/application, and the other two are from another state in the Gulf of Mexico region (the states of Florida, Alabama, Mississippi, Louisiana, and Texas), or from outside of the Gulf of Mexico region.

Criteria for the science reviewers were developed by the Council Science Staff. These establish general qualifications for reviewers, which are that:

- There should be no conflicts of interest);

- Reviewers remain anonymous; and
- All review comments can be made publicly available on the Council's website.

It is a common government practice to conduct anonymous proposal reviews; this permits reviewers to provide candid, impartial comments without concern for potential pressure or retaliation. The names and affiliations of reviewers remain anonymous to the extent permitted by law. To promote transparency in the BAS process, the summary qualifications of the entire pool of reviewers are made available to Council members for review, in addition to all review comments.

Once reviewers are approved, they are individually trained with a live or recorded webinar that explains the Council's overall project review process, the reviewer's role in the BAS review process, how to identify conflicts of interest, and what their obligations are as a reviewer (anonymity, confidentiality, timeline and paperwork requirements for completion and payment). The webinar provides an opportunity to answer questions about the process before the reviewer begins their review.

*Performance Indicator 3: Advance efficiency of the Environmental Compliance processes to support Council actions. The following are elements of this performance Indicator:*

- *In support of evaluating the efficacy of moving Category 2 projects under the Initial FPL to Category 1. Evaluate and propose effective processes for the determination of environmental compliance of Category 2 projects for funding consideration by the Council.*
- *Participate in interagency regulatory efficiency team to collaborate with partners, share efficiency tools/practices, and enhance efficiency and effectiveness of Council environmental compliance. Identify, develop and/or adopt tools and approaches to enhance efficiency and effectiveness of Council environmental compliance.*

In addition to approving funds for specific projects and programs, the Initial FPL also lists activities the Council has identified as priorities for potential future funding. This category of activities (referred to as Category 2 activities) are projects and programs the Council believes have merit, but which were not ready for implementation funding because the requisite environmental compliance had not been completed. The Council set aside a pool of available funds for potential use on Category 2 activities, pending Council approval. The Council also approved planning funds to address the environmental laws applicable to these Category 2 activities. Once these laws have been addressed for a Category 2 activity, the Council can vote to approve funding for that activity through an amendment to the Initial FPL. Such a vote only occurs after public comments have been considered by the Council.

The Council is committed to efficient, effective and transparent environmental compliance processes for its activities, including those in Category 2. With major federal regulatory agencies among its members, the Council was well positioned to efficiently address the environmental compliance needs for a number of Category 2 projects in 2017. By reviewing and adopting existing environmental clearances developed by member agencies, the Council has been able to approve implementation funding for two Category 2 projects in 2017. This

efficiency has enabled the Council to save over \$187,750 that was previously committed to the planning phase of these projects. These funds were re-allocated to project implementation, thereby increasing on-the-ground ecological benefits. Below are the Category 2 projects that were approved for funding in 2017.

**Tampa Bay Estuary Program**

Location: Florida

Sponsor: Environmental Protection Agency

Funding approved: \$1,544,960

Additional information is available [here](#)

**Palm River Restoration Project Phase II, East McKay Bay Project I**

Location: Florida

Sponsor: Florida

Funding approved: \$856,430

Additional information is available [here](#)

In 2017 the Council also amended the Initial FPL to allocate the \$9,300,000 in approved funding for the Lowermost Mississippi River Management project to the State of Louisiana. (The Initial FPL originally had this funding equally allocated between the State of Louisiana and the U.S. Army Corps of Engineers.) In addition, the Council amended the Initial FPL to modify the potential acquisition and conservation boundary for the Mississippi program entitled “Strategic Land Protection, Conservation, and Enhancement of Priority Gulf Coast” and the geographic area for beneficial use planning for potential future marsh restoration activities under the “Texas Beneficial Use/Marsh Restoration (Planning)” project.

The Gulf Coast Interagency Environmental Restoration Working Group (GCIERWG) is a standing workgroup whose purpose is to achieve more effective and efficient environmental review and permitting of Gulf restoration projects across ecosystem restoration funding streams through early and consistent interagency coordination and prioritization of restoration efforts. This workgroup was formed in recognition of the critical need for increased regulatory collaboration to deliver timely restoration implementation. The GCIERWG is currently led by NOAA and is comprised of representation from the U.S. Departments of Army, Agriculture, Commerce, Interior, and the Environmental Protection Agency with facilitation by Council staff. The group coordinates through standing monthly interagency working group conference calls with follow-up as needed.

In 2017, the GCIERWG spearheaded a new interagency regulatory clearinghouse pilot effort to demonstrate the utility of a voluntary regulatory efficiency approach that engages field level technical review of restoration projects at the earliest possible stages to make the regulatory process collaborative and by applying efficiency tools to facilitate effective and expeditious environmental compliance. Two FPL planning projects were selected as pilots: the Pensacola Bay Living Shoreline – Phase 1 project sponsored by the Florida Department of Environmental Protection (additional information available [here](#)) and the Golden Triangle Marsh Creation project sponsored by the Coastal Protection and Restoration Authority of Louisiana (additional information available [here](#)). Regulatory contacts for each project were identified, and project kick-off meetings were completed this year. As the planning and design begins for these projects in 2018, the GCIERWG will continue to

engage through these pilot efforts, evaluating their utility for future applicability and potential expansion as staffing resources allow.

*Performance Indicator 4: Programmatic Review of Grant and Interagency Agreements. The programmatic component of the Council staff will review all grant and Interagency Agreement applications for funding under the Initial FPL meeting timelines established by the RESTORE Act, Council Guidelines and the Notice of Funds Availability. This will include review of submissions for best available science and environmental compliance with NEPA and other environmental federal regulations.*

**And,**

*Performance Indicator 5: Compliance Review of Grant and Interagency Agreements. The grants and compliance component of the Council staff will review all grant and Interagency Agreement applications for funding under the Initial FPL meeting timelines established by the RESTORE Act, Council Guidelines and the Notice of Funds Availability. The review will ensure compliance with all administrative and regulatory requirements under the RESTORE Act, Part 200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other federal regulatory requirements.*

Foundational to funding of projects and programs selected under the Initial FPL, staff of the RESTORE Council worked with the members who submitted applications during fiscal year 2017 (state members through grants and Interagency Agreements with federal members) to ensure compliance with programmatic (*Performance Indicator 4*) and federal compliance reviews (*Performance Indicator 5*). As a result of the completion of these programmatic and compliance reviews during 2017, the Council awarded funds for thirteen Initial FPL projects, totaling \$62.14 million. These projects and programs support planning, implementation and science activities that will provide on-the-ground ecological benefits to key Gulf watersheds, develop shovel-ready projects, and help build a strong science foundation for future decision-making. The Initial FPL activities awarded funds in 2017 are listed below, along with links to additional information (including the projected duration of each activity).

**Bayou Greenways (Planning & Implementation)**

Location: Texas

Sponsor: Texas Commission on Environmental Quality

Award amount: \$7,109,000.00

**Bayou Dularge Ridge, Marsh & Hydrologic Restoration (Planning)**

Location: Louisiana

Sponsor: Department of Agriculture/Natural Resources Conservation Service

Award amount: \$5,162,084.00

**Mississippi River Reintroduction into Maurepas Swamp (Planning)**

Location: Louisiana

Sponsor: Coastal Protection and Restoration Authority of Louisiana

Award amount: \$14,190,000.00

**Mobile Bay National Estuary Program (Planning)**

Location: Alabama

Sponsor: Environmental Protection Agency

Award amount: \$358,000.00

**Beach Haven - Joint Stormwater & Wastewater Improvement - Phase II (Implementation)**

Location: Florida

Sponsor: Florida Department of Environmental Protection

Award amount: \$5,967,000.00

**Bayou Chico Contaminated Sediment Removal - Planning, Design, and Permitting (Planning)**

Location: Florida

Sponsor: Florida Department of Environmental Protection

Award amount: \$356,850.00

**Apalachicola Bay Oyster Restoration (Implementation)**

Location: Florida

Sponsor: Florida Department of Environmental Protection

Award amount: \$4,680,000.00

**Apalachicola Watershed Agriculture Water Quality Improvements (Implementation)**

Location: Florida

Sponsor: Florida Department of Environmental Protection

Award amount: \$2,219,856.00

**Suwannee River Partnership Irrigation Water Enhancement Program (Implementation)**

Location: Florida

Sponsor: Florida Department of Environmental Protection

Award amount: \$2,884,000.00

**Tate's Hell Strategy 1 (Planning & Implementation)**

Location: Florida

Sponsor: Department of Agriculture

Award amount: \$7,000,000.00

**Council Monitoring and Assessment Program**

Location: Gulfwide

Co-sponsor: Department of the Interior/U.S. Geological Survey

Award amount: \$1,175,000.00

Co-sponsor: Department of the Commerce/NOAA National Centers for Coastal Ocean Science

Award amount: \$1,700,000.00

### **Gulf of Mexico Habitat Restoration via Conservation Corps Partnership**

Location: Gulfwide

Sponsor: U.S. Department of Commerce/NOAA Restoration Center

Award amount: \$7,500,000.00

### **Strategic Conservation Assessment of Gulf Coast Landscapes**

Location: Gulfwide

Sponsor: Department of the Interior/U.S. Fish and Wildlife Service

Award amount: \$1,842,583.00

## **Performance Goal 3: Spill Impact Component Performance Excellence**

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 one or more SEPs 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.

*Performance Indicator 1: Timely review (e.g., 60-day review for SEPs) of State Expenditure Plans while ensuring public comment was duly considered and other Council Member input is addressed. The following are elements of this performance Indicator:*

- a. Programmatic Staff Review of Grant and Interagency Agreements. The programmatic component of the Council staff will review all grant and Interagency Agreement applications for funding under the SEP processes, meeting timelines established by Council Standard Operating Procedures. This will include review of submissions for best available science and environmental compliance with NEPA and other environmental federal regulations.*
- b. Compliance Staff Review of Grant and Interagency Agreements. The grants and compliance component of the Council staff will review all grant and Interagency Agreement applications for funding under each state's SEP, meeting timelines established by the RESTORE Act, Council Guidelines and the Notice of Funds Availability. The review will ensure compliance with all administrative and regulatory requirements under the RESTORE Act, 2 C.F.R. Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other federal regulatory requirements.*

Foundational to funding of projects and programs selected under the Spill Impact Component of the RESTORE Act, staff of the RESTORE Council worked with the state members who submitted State Expenditure Plan and associated grant applications during fiscal year 2017 to ensure compliance with programmatic (*Performance Indicator 1a*) and federal compliance reviews (*Performance Indicator 1b*). As a result of the completion of these

programmatic and compliance reviews during 2017, the Council approved SEPs for Louisiana and Mississippi, representing approximately \$600,000,000 in coastal restoration investments. The Louisiana SEP, approved on March, 23, 2017, provides approximately \$551,500,000 in Spill Impact Component funding to support coastal restoration activities in the State's Coastal Master Plan. The Louisiana SEP includes four elements:

1. The Houma Navigation Canal Lock Complex (\$366 million)
2. Adaptive Management (\$60.9 million)
3. The Parish Matching Opportunities Program (\$100 million)
4. Contingency funds (\$24.6 million)

This SEP will need to be amended when funding approval is sought by Louisiana for specific activities in the third element, the Parish Matching Opportunities Program.

The Mississippi SEP, approved on April 13, 2017, provides approximately \$49,800,000 in Spill Impact Component funding to support coastal restoration activities. The Mississippi SEP includes three elements:

1. The Mississippi Gulf Coast Water Quality Improvement Program (\$45 million)
2. Pascagoula Oyster Reef Complex Relay and Enhancement (\$3.5 million)
3. Compatibility, Coordination, and Restoration Planning (\$1.3 million)

Once a SEP is approved, funding for activities in the SEP is disbursed to the respective State via Council grants when the requisite funds become available in the Trust Fund and upon application by the State. As part of the grant process, all activities for which funding is sought are carefully reviewed to ensure consistency with the approved SEP and compliance with the RESTORE Act and all other applicable requirements. Funding for implementation activities is disbursed to the State after verification of compliance with all applicable federal environmental and other laws. Funding for planning activities in the SEP will be disbursed after verification of a direct relationship to the Spill Impact Component criteria.

In 2017, the Council awarded \$19.76 million in grant funding for implementation of the Texas Planning State Expenditure Plan (PSEP) and a portion of Louisiana's Adaptive Management project.

#### **Texas Planning State Expenditure Plan**

Location: Texas

Sponsor: Texas Commission on Environmental Quality

Award amount: \$292,503.00

#### **Adaptive Management**

Location: Louisiana

Sponsor: Louisiana Coastal Protection and Restoration Authority

Award amount: \$19,467,855.50

In 2017, the Council continued to work with other State members to assist with the ongoing development of their respective SEPs. The Florida Consortium of Counties, the designated entity responsible for development of the Florida SEP, has been awarded planning funds to prepare a SEP that addresses the needs of its 23-county

membership. The Council worked with the Consortium of Counties to help ensure that its SEP will meet the legal requirements of the RESTORE Act and that the future Council review of the SEP is as smooth and expeditious as possible. The Council also worked with Texas in the aftermath of Hurricane Harvey, providing guidance on how its SEP could address ecosystem and economic impacts of the storm and include elements that could help improve coastal resilience.

#### Performance Goal 4: Operational Excellence

Maintain an administrative infrastructure that supports team work, collaboration, synergy between functional areas and overall operational excellence to provide excellent services, programs and outcomes to the Gulf Coast region.

*Performance Indicator 1: Effective Oversight of Grant and Interagency Agreement Post-Award Cash Disbursement Processes. Grant and IAA drawdowns will be reviewed for compliance with award terms and conditions, and assessed for consistency with the progress achieved and milestones met.*

All grants to state Council members and Interagency Agreements from federal Council members underwent thorough post-award cash disbursement processes for the awards completed during this reporting period (see the following sections of this report: **Council-Selected Restoration Performance Excellence** and **Spill Impact Component Performance Excellence**: Effective and efficient implementation and administration of the Spill Impact Program to achieve the goals of the Act). All grants and IAAs were reviewed for compliance with all award terms and conditions.

*Performance Indicator 2: Oversight of Objective and Quantifiable Metrics in Each Grant and IAA. These metrics will gauge the success of the project or program and a description of the methodology for quantifying results for each metric and monitoring the achievement of the metrics. The application will be reviewed to confirm the justification of why the metrics were selected and to assess the proposed scientific monitoring for adequacy, and relevancy to the proposed project or program.*

The Council has currently identified 52 performance-level metrics for grants to states and IAAs with the federal members funded through the Council-Funded Component of the RESTORE Act. These metrics ([RESTORE Council Project Metrics](#)) will be used to monitor and evaluate the efficacy of projects and programs in meeting mission goals and objectives of the Council and track annual performance.

*Performance Indicator 3: Ensure all Applicant/Recipient Guidance Materials are updated. The Council will publish comprehensive guidance to inform potential applicants of the statutory and administrative requirements for proposals, SEPs, grant applications and IAA applications.*

The Council published a library of documents [RESTORE Council Grant Resources](#) to assist grant and IAA applicants from the Council membership. This information is divided into the following categories:

- Guidance Materials
  - [Recipient Proposal and Award Guide for Grant Recipients and Federal Interagency Agreement Servicing Agencies](#) [PDF 162pp 1.1Mb]
  - [RAAMS Users' Guide \(link is external\)](#)[PDF 41pp. 1.1Mb]

- [Uniform Guidance \(2 C.F.R. Part 200\) \(link is external\)](#)
- [Financial Assistance Standard Terms and Conditions \[PDF 55pp 502Kb\]](#)
- [Interagency Agreement Standard Terms and Conditions \[PDF 18pp 199Kb\]](#)
- Application Documents
  - [RAAMS Application Required Documents List \[PDF 3pp. 119Kb\]](#)
  - [RAAMS Authorization Letter Template \[DOCX 5pp. 136Kb\]](#)
  - [RAAMS Data Elements Spreadsheet \[XLSX 15Kb\]](#)
  - Forms
    - [RESTORE Council Applicant Certifications and Assurances \[PDF 8pp. 456Kb\]](#)
    - [Disclosure of Lobbying Activities Form \(SF-LLL\) \[PDF 2pp. 29Kb\]](#)
    - Organizational Self-Assessment
      - [Instructions for the Organizational Self-Assessment \[PDF 4pp 258Kb\]](#)
      - [Organizational Self-Assessment Worksheet \[MSWord 12pp 82Kb\]](#)
      - [Internal Control Compliance Document List \(Addendum to organizational self-assessment\) \[PDF 2pp 78Kb\]](#)
  - Project Information Templates
    - [Abstract and Executive Summary Templates \[MSWord 1pp 18Kb\]](#)
    - [Project Narrative Template \[MSWord 4pp 22Kb\]](#)
    - Metrics
      - [Initial Project/Program Metrics \[PDF 10pp 109Kb\]](#)
      - [Metrics Template](#)
    - [Milestones Template \[MSWord 1pp 20Kb\]](#)
    - Observational Data Plans and Data Management Plans
      - [Observational Data Plan Guidance \[PDF 27pp 37Kb\]](#)
        - [Observational Data Plan Checklist](#)
      - [Preliminary Observational Data Management Plan Guidance \[PDF 12pp 180Kb\]](#)
      - Observational Data Management Plan Checklists
        - [Foundational Questions](#)
        - [Data Specific Questions](#)
      - [Observational Data Plan and Data Management Plan Frequently Asked Questions \[PDF 3pp 89Kb\]](#)
    - [Environmental Compliance Checklist \[DOCX 2pp. 7Kb\]](#)
    - GIS File Submission
      - [GIS Submission Instructions \[PDF 1pp. 86Kb\]](#)
      - [GIS Submission Template \[ZIP 51Kb\]](#)
  - Budget Templates
    - [Budget Narrative Template \[MSWord 20pp 69Kb\]](#)
    - [Subrecipient Budget Template \[XLSX 16Kb\]](#)
    - [Instructions for Calculating Allowable Indirect Costs under the three percent \(3%\) cap for administrative costs \[PDF 4pp 146Kb\]](#)
    - [3% Administrative Cost Spreadsheet \[MSExcels 30Kb\]](#)

- [Cash Forecasting Example](#) [MSExcel]
- Award Documentation
  - Interagency Agreements
    - [General Terms and Conditions 7600A](#) [PDF 4pp 180Kb]
    - [Order Requirements and Funding 7600B](#) [PDF 5pp 667Kb]
  - Grants Agreements
    - [Financial Assistance Award 7700](#) [PDF 2pp 111Kb]

*Performance Indicator 4: Ensure all RAAMS System Guidance and Technical Resources are current. The Council will update the RAAMS User Guide and other supporting technical resources.*

The Restoration Assistance and Awards Management System (RAAMS) is the Council’s web-based grants management system. 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 pre- and 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.

The RAAMS system is designed to provide information to meet the Council’s federal reporting and data management requirements, including requirements mandated by the following:

- GPRA Modernization Act (P.L. 111-352)
- OMB guidance (2 C.F.R. §200.328)
- RESTORE Act (33 U.S.C. §1321(t)(2)(C)(vii)(VII)(dd))
- Digital Accountability and Transparency Act (S.994; i.e., Data Act of 2014)
- OMB Memorandum (9 May 2013): *Open Data Policy -Managing Information as an Asset*
- White House (22 February 2013) *Office of Science and Technology Policy Memorandum*.

The system also tracks the following application/award requirements:

- Organizational Assessment
  - One-time requirement; updated annually
  - §200.205 Risk Posed by Applicant; §200.302 Financial Management; §200.303 Internal Controls
- Milestones (see Performance Metrics for Council-Funded Programs and Projects section below) / Functional Budget
  - §200.301 Performance Measurement
- Outcome Metrics
  - §200.301 Performance Measurement; §200.210 Information Contained in a Federal Award
- Cash Forecast
  - Informs Trust Fund investment strategy; OMB outlay forecast

The Council published a library of documents ([RESTORE Council Grant Resources](#)) to assist grant and IAA applicants from the Council membership (see Operational Excellence, *Performance Indicator 3*).

## Performance Goal 5: Management Excellence:

Council staff will provide exceptional service to the Council members and their accompanying state and federal agencies, as well to the many stakeholders associated with restoration of the Gulf of Mexico ecosystem by meeting programmatic, administrative and customer service objectives.

### Performance Indicator 1: Requisite Reports Submitted in Timely Manner.

During fiscal year 2017, the Council submitted the following reports in a timely manner:

- Annual Performance Plan;
- Council's Annual Financial Report (AFR)
- Annual Performance Report (APR)
- Annual Report to Congress

### Performance Indicator 2: OIG Audit Findings and Recommendations Addressed in a Timely Manner

All Council operations required by the RESTORE Act are monitored and audited by the Department of Treasury OIG and audit recommendations promptly implemented.

In 2017 the Treasury Office of Inspector General completed the following seven audits.

1. RESTORE Act Council Effectively Acquired and Implemented a Grants Management System, but Challenges Remain in Service Agreement Monitoring and Invoice Processing (*OIG-17-037*)
  - a. The audit report found that the Council's grant program and system complied with applicable RESTORE Act, Federal grant regulations and internal grants policies and procedures.
  - b. The report identified two findings related to internal controls associated with processing the invoices associated with an IAA, and both findings have been resolved and all three recommendations implemented.
2. DATA Act Readiness: Council Is Making Progress in Meeting DATA Act Reporting Requirements Despite Challenges (*OIG-17-045*)
  - a. The report had no findings other than the Council is making adequate progress to meet OMB deadlines despite challenges. There were no recommendations.
3. Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight and Transparency Policies (*GAO 17-59*)
  - a. The Council was mentioned briefly in the report, which focused on other federal entities. There were no findings with regards to the Council.
4. Gulf Coast Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Fiscal Year 2017 Evaluation (*OIG-CA-18-006*)
  - a. The evaluation found that consistent with applicable federal requirements and guidelines, the Council's information security program and practices were established and maintained in FISCAL YEAR 2017. However, the Council's IT security program was not in place for the entire year thus

there was a finding that it was not fully effective for the entire period. Since the Council had already taken corrective action there were no recommendations.

5. Council Met Reporting Requirements Under the DATA Act Despite Challenges (*OIG-18-008*)
  - a. The audit found that not all data was accurate due to a timing difference in processing between systems. The Council had improved their internal controls and reconciliation processes prior to completion of the audit.
6. Audit of the FISCAL YEAR 2017 Financial Statements of the Gulf Coast Ecosystem Restoration Council (*OIG-18-016*)
  - a. The auditors issued an unqualified (“clean”) audit opinion with no material weaknesses or significant deficiencies.
7. Management Letter for the Audit of the Gulf Coast Ecosystem Restoration Council's Fiscal Years 2017 and 2016 Financial Statements. (*OIG-18-028*)
  - a. The letter had one comment that the Council’s Information Security program and practices were formalized and documented, but not consistently applied. This comment resulted because the CIO and the IT Security program and practices were not in place for the entire year. The Report noted that the Council has taken the necessary steps to remediate this condition by filling the CIO position to maintain and further develop information security policies, procedures, and control techniques.

*Performance Indicator 3: Organizational Risk Assessed and Risk Mitigation Factors Employed.*

- Fully implement the organizational risk assessment recommendations by the end of calendar year 2017 by meeting all OMB Circular A-123 requirements and developing and documenting tactical level risk mitigation activities.
- Continually review and update administrative and financial policies and procedures.
- Continue to develop and integrate Enterprise Risk Management practices into the Agencies day to day decision-making and management practices. This will enhance the Agencies ability to minimize risk resulting in more effective and efficient fiscal and administrative operations. The goal is to better align the Agencies resources to ensure compliance with applicable laws, regulations, and controls.

During fiscal year 2016 the Council completed an enterprise risk management (ERM) analysis and risk profile, and in fiscal year 2017 the Council implemented the ERM program to ensure that the Council mitigates high risk areas identified through that analysis. Internal controls have been and continue to be a major consideration in the development and continued refinement of the Council’s policies and procedures and automated systems. Administrative, finance, accounting, grants and interagency agreement policies and procedures have been developed and documented and continue to be refined. Post-award grants management and oversight procedures have been developed to mitigate the risk of improper payments and address risks identified in the enterprise-wide risk assessment, while also developing information that will enhance the Council’s ability to forecast cash requirements and manage its awards in order to ensure positive outcomes.

Completed activities under Management Excellence for 2017 relate to the results of the Risk Assessment and center on risk mitigation strategies that collectively represent actions considered necessary to reduce the impact

and likelihood of risks negatively affecting Council reputation and operations. These recommendations provide specifics on responding to strategic, operational, compliance, and financial and reporting risks. Key recommendations to reduce reputational and operational risk to Council from mismanagement or misuse of funds include:

- Expanding Audit Committee function to include Enterprise Risk Management;
- Creating an Enterprise Risk Management staff function;
- Aligning mission objectives with Council partners to optimize outcomes;
- Developing a contingency plan to meet surge requirements; and
- Acquiring sufficient information technology resources to support operations.

To address these key recommendations, the Council moved forward with the following actions 2017:

- Recruited and hired a Deputy Chief Financial Officer;
- Recruited and hired a GS 13 IT Security Officer; and
- Developed the hiring package for a GS 13 enterprise risk management specialist and anticipated completing selection processes by the first quarter of fiscal year 2018.

The Council also has a rigorous budgetary process. A zero-based budget for operations funding is developed each year, and is rigorously reviewed by the Council Steering Committee. The Council votes for approval of the budget every August, after which an apportionment is submitted to OMB for its review and approval. The Department of the Treasury's Administrative Resources Center (ARC) provides finance and budget services to the Council. Financial Statements, the Status of Funds, and other financial reports are produced by ARC each month, reviewed and approved by the CFO, and reported to Treasury and OMB. The annual financial statements are included in the Annual Financial Report and published on the Council website.

*Performance Indicator 4: 360 Review of the Council's grant and automated system RAAMS*

- Recommendations from the 360 Review result in more efficient processes and procedures thus reducing the time to apply for and award grants and IAAs.

In December 2015 the Council deployed its automated grants management system, the Restoration Assistance and Agreements Management System (RAAMS), and began implementing its grants and IAA program concurrent with the approval of the Initial FPL. The Council is committed to ensuring that the process used for awarding and disbursing funds is as efficient as possible, while also providing the oversight needed for sound fiscal management. As it did with the Initial FPL, after a year of experience the Council initiated a thorough review of its application, disbursement and post-award oversight processes to identify and implement system changes that will lead to greater efficiency and effectiveness during fiscal year 2017. While this review is ongoing, the Council has already incorporated efficiency measures identified thus far. The Council will continue to identify and implement process improvements and best practices for its grant and IAA program and system.