

DEPARTMENT OF THE INTERIOR



Restoration Program

Assessment & Restoration Program

Fiscal Year 2008 Budget Justifications

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Explanatory Note: At completion of this 2008 budget justification, a 2007 appropriation had not yet been enacted and substantial uncertainty existed regarding the ultimate level that would be appropriated for 2007. Unless otherwise noted, 2007 information is reported as follows in this budget justification.

“2007 CR” Column in Tables

Budget Authority. At the Bureau-level and Account-level, these amounts equal the annual rate provided under the authority of the third fiscal year 2007 Continuing Resolution, P.L. 109-383 effective through February 15, 2007. At lower levels of the budget structure (Activity-level), line items are presented at the 2007 President’s budget level, with non-add amounts presented at the Activity level conveying the impact of the continuing resolution. These non-adds have been allocated pro-rata based upon the 2007 President’s budget.

FTE. Full-time equivalents are presented similar to Budget Authority, but in addition have been updated to reflect adjustments for 2006 usage at all levels of the budget structure.

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION PROGRAM

GENERAL STATEMENT

FY 2008 Budget Request:

The Restoration Program's total Fiscal Year 2008 request for current appropriations is \$6,224,000. The request is comprised of the following:

- An increase of \$115,000 for fixed cost increases that are fully funded.
- An increase of \$645,000 for the impact of the continuing resolution. The 2008 budget restores the priorities of the 2007 President's budget by funding 2007 programmed fixed cost increases and implementing the program enhancement initiatives included in the 2007 President's budget.

In addition, the request also includes an estimated \$39.0 million in permanent funds for DOI bureaus, which result from negotiated legal settlement agreements with responsible parties.

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

Cooperative conservation is the centerpiece of the Administration's environmental policy vision. To advance this vision, the President issued an Executive Order on Cooperative Conservation in August 2004, calling on Federal agencies to strengthen interagency coordination and cooperation with States, Tribes, landowners and others to enhance environmental performance. The Restoration Program's core mission is predicated on such cooperation with its co-trustees and partners, and where possible, with the responsible parties as well.

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

The Restoration Program Office manages the confluence of the technical, ecological, biological, legal, and economic disciplines and coordinates the efforts of six bureaus and three offices to accomplish this mission. The Program has a nationwide presence encompassing nearly the full span of natural and cultural resources for which the Secretary has trust responsibility. Each

bureau has its unique natural resource trusteeship and brings its expertise to bear on relevant sites. The Restoration Program is a truly integrated Departmental program, drawing upon the interdisciplinary strengths of its various bureaus and offices.



The **Bureau of Indian Affairs** administers and manages over 55 million acres of land held in trust by the United States for American Indians, Indian Tribes, and Alaska Natives and provides assistance to 561 federally recognized tribal governments to help protect water, natural resources and land rights.



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



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



The **U.S. Fish & Wildlife Service** conserves, protects and enhances fish, wildlife, and plants and their habitats and manages the 96 million acre National Wildlife Refuge System for the continuing benefit of the American people, providing primary trusteeship for migratory birds and threatened and endangered species.



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

In addition to the five trustee bureaus, the U.S. Geological Survey, the Office of the Secretary, and the Office of the Solicitor play key roles in making the Restoration Program a fully integrated Departmental program. The Office of the Solicitor provides legal advice, USGS provides technical scientific support, and the Office of Policy Analysis provides economic analytical expertise to the Program at both the national policy and the individual case management levels. The Office of Environmental Policy and Compliance provides regional

coordination support as well as a link to response and remedial activities associated with oil or chemical releases.

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

Total 2008 Budget Request

(Dollars in Thousands)

Budget Authority	2006 Actual	2007 President's Budget	2007 CR Level	2008 Request	2008 Request Change from 2007 CR Level	
					Amount	Percent
Discretionary	6,106	6,109	5,464	6,224	+760	+13.91%
Mandatory	73,731	30,000	30,000	40,000	+10,000	+33.00%
Transfers	-1,959	-1,000	-1,000	-1,000		
TOTAL	77,878	35,109	34,464	45,224	+10,760	31.22%
<i>FTE</i>	6	7	7	7	-	-

2008 Budget Request by Interior Mission Area

(Dollars in Thousands)

Mission Area	2006 Enacted	2007 CR	2008 Request	2008 Request Change From 2007
Resource Protection	6,016	6,109	6,224	+115
Resource Use	0	0	0	0
Recreation	0	0	0	0
Serving Communities	0	0	0	0
Total	6,016	6,109	6,224	+115
Impact of the CR		-645		+645
Adjusted Total	6,016	5,464	6,224	+760

Performance Summary

All activities within the Restoration Program (damage assessment, restoration support and program management) support resource restoration either directly or as essential steps on the road to restoration. These activities support the Department's Strategic Plan Goal of Resource Protection, specifically End Outcome Goal 1 – **Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced** by restoring trust natural

resources that have been injured as a result of oil spills or hazardous substance releases into the environment.

In 2008, the Program will be developing guidance and regulations to implement process improvements recommended in 2007 by the NRDAR Advisory Committee that was convened under the Federal Advisory Committee Act. These improvements will address four major policy areas: injury quantification, damage determination, analysis of restoration alternatives, and restoration implementation. Once implemented, the recommendations will lead to improved processes and tools to achieve long-term restoration goals reflected in the Departmental Strategic Plan.

The program will continue to focus its activities in support of trust resource restoration. FY 2008 planned performance targets include the restoration of 15,000 acres and 100 stream or shoreline miles, increases of 5,000 acres and 50 stream / shoreline miles, respectively over FY 2007 strategic plan goals. These goals will be accomplished through the use of funds or in-kind services received in settlement of damage claims with responsible parties.

President's Management Agenda:

Budget / Performance Integration - In keeping with the President's Management Agenda, program performance information continues to play a key role in Program operations and the development of the 2008 budget request. Damage assessment projects funded by the Department are subject to a thorough screening and evaluation process that ensures that the highest priority cases are funded. The Program continues to require case teams to track and report progress biannually on ongoing damage assessment cases, with key milestones in this tracking system linked to essential damage assessment steps as promulgated in the damage assessment regulations. Cases that fail to progress and meet performance expectations are required to correct deficiencies prior to receiving additional funding.

Strategic Management of Human Capital - The Restoration Program has worked to integrate its staff planning efforts within the framework established by the Departmental Workforce Planning Team. With only seven FTE in the Restoration Program Management Office, the Program relies greatly on distributive management, in close coordination with a workgroup comprised of multiple bureaus and offices. A workforce gap analysis conducted in 2003 identified increased interagency restoration support as the greatest program need to accomplish its missions and performance goals over the next five years. Two restoration specialists were added to the Program Office staff in 2006. These FTE provide restoration support activities within all the bureaus involved in the Program. The 2006 enacted budget built on this identified need for a more precisely-focused restoration science capability in the Program, but will be accomplished using existing FTE within the U.S. Geological Survey.

Competitive Sourcing - As part of ongoing Departmental Competitive Sourcing exercises, all current positions within the Restoration Program Office are reviewed annually to identify opportunities for competitive sourcing. At this time, all positions were identified as being inherently governmental in nature because they focus on Program-level policy, budget, and program guidance activities. Many ongoing cases already make use of contractors and consultants, and the bureaus may identify additional opportunities, while ensuring that the

inherently governmental tasks in each case continue to be carried out by DOI employees. In addition, the Restoration Support Unit will identify further opportunities to use contractors and/or cooperators to implement restoration activities.

Other President's Management Agenda Items: - The Restoration Program Office, as part of the Office of the Secretary, follows the lead of Departmental management in a number of other areas related to the President's Management Agenda where applicable. These areas include improving financial performance, including development and implementation of the Department-wide Financial Business and Management System (FBMS), as well as applicable Expanding E-Government initiatives.

2008 Program Performance

Restoration program performance measures and accomplishments in all three activities are singularly focused on one goal, the increased restoration of acres and stream / shoreline miles. Program accomplishments at the activity level are but a step leading to the implementation of restoration actions. Within the Damage Assessment activity, data is collected biannually on all Departmentally-funded cases, which enables the Program to monitor the progress of cases through the assessment process to settlement, using measures such as number of cases reaching various milestones, numbers of cooperative assessments with industry, and number of cases settled. Through the restoration science initiative begun in 2006, the Program is working with the USGS to develop protocols and metrics to better measure the ecological outcomes of restoration activities.

The Restoration Program's performance goals reflect continued progress funded with monies and in-kind actions recovered in settlement from responsible parties, and not appropriated funds. Appropriated funds are used to administer the program and provide technical support. There is roughly \$240 million in settlement funds currently in the DOI Restoration Fund that should allow the program to continue moving forward towards its long term restoration goals.

Restoration accomplishments in acres and stream/shoreline miles restored can fluctuate from year-to-year, the result of a complex process in which numerous trustee councils across the nation are moving forward in identifying specific opportunities for restoration consistent with approved restoration plans, but which generally cannot be scheduled or readily anticipated on a site-specific basis. The year-to-year variability in performance shown on the following table reflects the pace of restoration which is greatly influenced by factors outside the Department's control, such as finding cooperative landowners or willing sellers.

There are a number of efforts currently underway or will be accomplished in 2008 that will help the Restoration Program meet its performance goals for 2008. Overall program maturity and focus on achieving restoration, as well as products and services such as contracting, restoration planning, engineering support and a partnership/matching funds clearinghouse will be provided by the Restoration Support Unit, which will provide a boost to case teams in getting restoration projects underway. The continued growth in cooperative assessments is expected to continue, lessening the chance of adversarial confrontations and thus allowing case teams to move more quickly to settlement and restoration. In the longer term, the expected implementation of policy

Goal Performance Table
Target Codes:
Type Codes:

SP = Strategic Plan measures	PART = PART Measure
TBD = Targets have not yet been developed	UNK = Prior year data unavailable
C = Cumulative Measure	NA = Long-term targets are inappropriate to determine at this time
A = Annual Measure	F = Future Measure

End Outcome Goal 1 Resource Protection: Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI-Managed or Influenced

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
End Outcome Measures										
Restoration: Number of acres restored :	A	1,000	3,500	8,500	10,506	10,000	10,000	15,000	+ 5,000 (+50%)	20,000
Comments:	The 5,000 in additional acres that will be restored will be accomplished in FY 2008 with the funds received from the settlement of damage claims and the increased bureau focus on restoration activities.									
Δ Contributing Programs:	FWS Environmental Contaminants, NPS Environmental Quality, BIA, BLM, BR									
End Outcome Measures										
Restoration: Number of stream or shoreline miles restored:	A	11	12	80	42	100	100	150	+50 (+50%)	195
Comments:	The 50 in additional stream / shoreline miles that will be restored will be accomplished in FY 2008 with the funds received from the settlement of damage claims and the increased bureau focus on restoration activities.									
Δ Contributing Programs:	FWS Environmental Contaminants, NPS Environmental Quality, BIA, BLM, BR									

Note: Year to year variability is to be expected based on the variability of timing and settlement amounts

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

and operational improvements arising from the NRDAR Advisory Committee will lead to better, more efficient damage assessments, which will lead to quicker and more effective restorations, positioning the Restoration Program to achieve its long-term strategic plan goals.

Cost information in the context of performance measurement is of limited value within the Restoration Program, due to the wide variability of possible restoration solutions that might be implemented. Every restoration implemented is unique, from the resource injury being addressed, to the ecological, biological, and engineering aspects involved, and the number and roles of other involved co-trustees, partners, and responsible parties. The wide range of possible but generally not comparable restoration actions is best exemplified in the restoration success stories found in the Restoration Support section on page 18.

The bureaus will continue to collect, validate, and verify the performance data before reporting to the Program. In addition, the Program Office will continue to track internally the progress of cases from start to finish using measures such as increased numbers of restoration plans drafted, finalized, and in stages of implementation; increased numbers of restorations completed; increased numbers of cooperative assessments with industry; and increased funding leveraged from restoration partnerships.

2008 Funding by Strategic Plan Goals

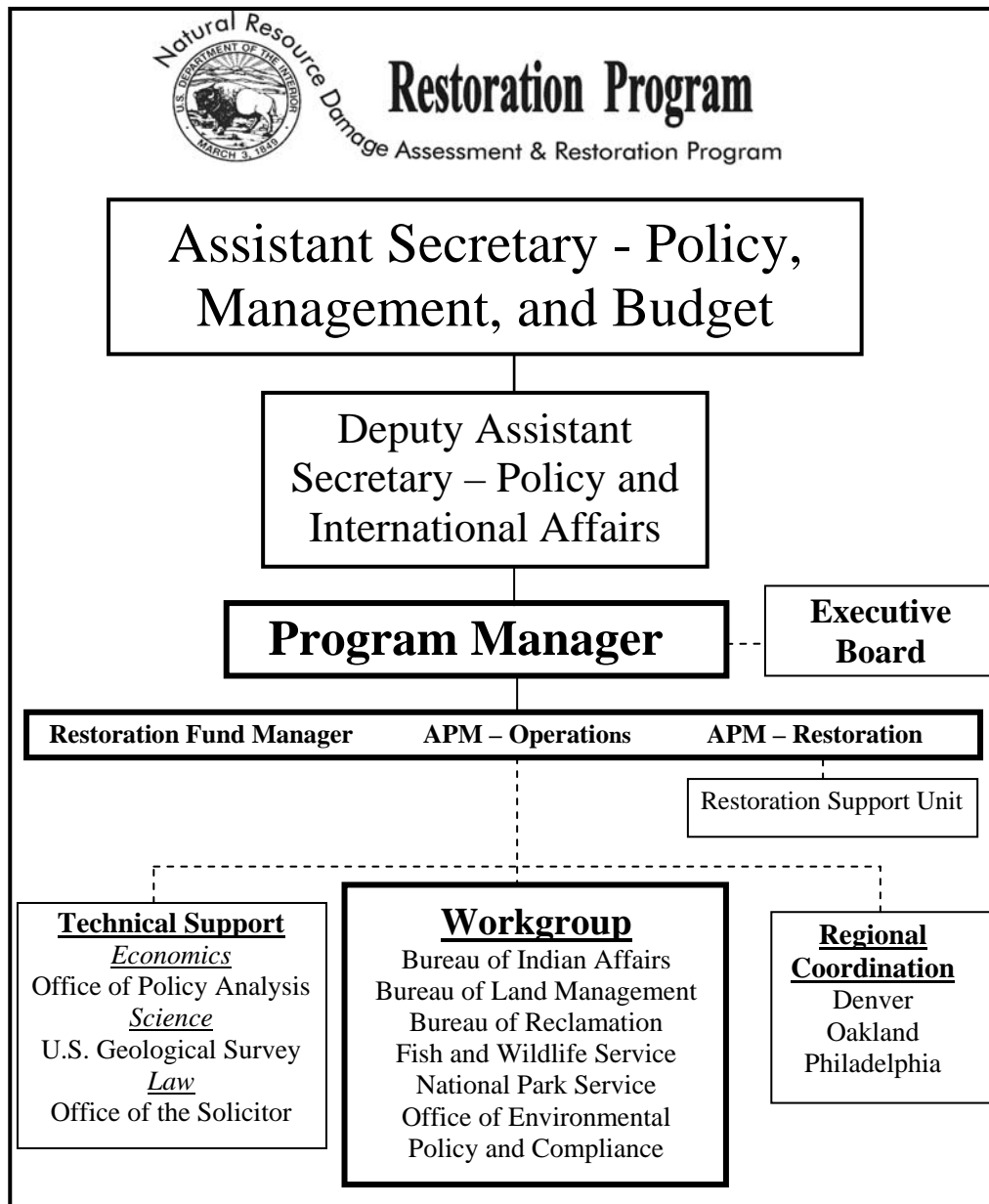
(Dollars in Thousands)

Account / Budget Activity	RESOURCE PROTECTION		
	Improve Health of Watersheds, Landscapes and Marine Resources	Sustain Desired Biological Communities on DOI -Managed or Influenced Lands and Water	Protect Cultural and Natural Heritage Resources
Damage Assessments		3,953	
Restoration Support		586	
Program Management		1,685	
NRDAR Appropriation, Total		6,224	

The Restoration Program Management Office consists of seven FTE. They are the Program Manager and six staff: the Assistant Program Manager for Operations, the Assistant Program Manager for Restoration, and the Budget Officer/Restoration Fund Manager, located in its

Washington, DC headquarters and two staff Restoration Support specialists and a regional coordinator located in Denver, Colorado.

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



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

Summary of Requirements Table

Appropriation: Natural Resource Damage Assessment and Restoration Fund

Comparison by Activity / Subactivity												
Activity	2006 Actual		2007 CR		Fixed Costs & Related Changes (+/-)		Program Changes (+/-)		2008 Budget Request		Inc. (+) Dec. (-) from 2007	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
APPROPRIATED FUNDS												
Damage Assessments	0	3,873	0	3,918	0	+35	0	0	0	3,953	0	+35
Impact of CR - Non-Add				[-413]								
Restoration Support	2	574	2	576	0	+10	0	0	2	586	0	+10
Impact of CR - Non-Add				[-61]								
Program Management	4	1,569	5	1,615	0	+70	+0	0	5	1,685	0	+70
Impact of CR - Non-Add				[-171]								
Total, Appropriation	6	6,016	7	6,109	0	+115	0	0	7	6,224	+0	+115
Impact of CR				-645				+645				+645
Total, Appropriation	6	6,016	7	5,464	0	+115	0	+645	7	6,224	0	+760
PERMANENT FUNDS (RECEIPTS)												
Damage Assessments		5,982		4,000		0		0		4,000	0	0
Restoration Support												
[Prince William Sound Restoration]		1,920		2,000		0		0		2,000	0	0
[Other Restoration]		67,700		58,700		0		-25,000		33,700	0	-25,000
Program Management		128		300		0		0		300	0	0
Subtotal, Gross Receipts	0	75,730	0	65,000	0	0	0	-25,000	0	40,000	0	-25,000
Transfers Out	0	-1,959	0	-1,000	0	0	0	0	0	-1,000	0	0
Total, Net Receipts		73,771		64,000		0		-25,000		39,000		-25,000

Justification of Fixed Costs and Related Changes: Natural Resource Damage Assessment and Restoration Program

(* Since no 2007 appropriation has been enacted, 2007 Revised Estimates assume enactment of the 2007 President's budget. Other revisions have been made for changes in estimates.)

	2007 Budget	2007 Revised*	2008 Fixed Costs Change
<u>Additional Operational Costs from 2007 and 2008 January Pay Raises</u>			
1. 2007 Pay Raise, 3 Quarters in 2007 Budget	+51	+51	NA
<i>Amount of pay raise absorbed</i>	[0]	[0]	NA
2. 2007 Pay Raise, 1 Quarter (Assumed 2.2%)	NA	NA	+14
3. 2008 Pay Raise (Assumed 3.0%)	NA	NA	+63
<p>These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.</p> <p>Line 1 is an update of 2007 budget estimates based upon an assumed 2.2%.</p> <p>Line 2 is the amount needed in 2008 to fund the estimated 2.2% January 2007 pay raise from October through December 2007.</p> <p>Line 3 is the amount needed in 2008 to fund the estimated 3.0% January 2008 pay raise from January through September 2008.</p>			

	2007 Budget	2007 Revised*	2008 Fixed Costs Change
<u>Other Fixed Cost Changes</u>			
Two More Pay Days	NA	NA	+21
This adjustment reflects the increased costs resulting from the fact that there is two more pay days in 2008 than in 2007.			
Employer Share of Federal Health Benefit Plans	143	143	+7
The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 6%, the average increase for the past few years.			
Rental Payments	73	73	+3
The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is not alternative but to vacate the currently occupied space, are also included.			
Departmental Working Capital Fund	75	75	+7
<i>Amount of WCF payments absorbed</i>		[5]	
The change reflects expected changes in the charges for Department services and other services through Centralized Billing in the Departmental Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.			

Natural Resource Damage Assessment and Restoration Program

Appropriations Language:

To conduct natural resource damage assessment and restoration activities by the Department of the Interior necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601 et seq.), Federal Water Pollution Control Act, as amended, (33 U.S.C. 1251 et seq.), the Oil Pollution Act of 1990 [(Public Law 101-380)] (33 U.S.C. 2701 et seq.), and Public Law 101-337, as amended (16 U.S.C. 19jj et seq.), \$6,224,000, to remain available until expended.

Authorizing Statutes:

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

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

*Oil Pollution Act of 1990, (33 U.S.C. 2701 et seq.) Amends the *Federal Water Pollution Control Act*, and authorizes trustee(s) of natural resources to present a claim for and to recover damages for injuries to natural resources from each responsible party for a vessel or facility from which oil is discharged, or which poses a substantial threat of discharge of oil, into or upon the navigable waters or adjoining shorelines or the exclusive zone.*

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

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

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

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

ACTIVITY: DAMAGE ASSESSMENT

Natural Resource Damage Assessment	FY 2006 Actual	FY 2007 CR	2008			Change from FY 2007 (+/-)	
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request		
Activity: Damage Assessment	\$000	3,873	3,505	+35	0	3,540	+35
	FTE	0	0	0	0	0	0
Impact of the CR [Non-Add]			[-413]		[+413]		

Summary of FY 2008 Program Changes

Impact of CR (non-add) [-\$413]

Total FTE Impact 0

Activity Overview:

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

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

The Restoration Program continues to make progress in conducting many of its damage assessment cases on a cooperative basis with responsible parties. As a matter of practice, responsible parties are invited to participate in the development of assessment and restoration

plans. The Department has been involved in over thirty-five cooperative assessments across the country, where the responsible parties have elected to participate in the damage assessment process and provide input into the selection of various injury studies and contribute funding towards Interior assessment activities.

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

The Restoration Program's selection process is designed to:

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

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

Once projects are funded, the Restoration Program makes use of project performance information to inform future funding decisions. In addition to project milestone reporting, financial obligation data is monitored at the aggregate (DOI), bureau, and project levels across all involved bureaus. This obligation data and carryover balances are factors considered in the annual funding decision process. Further, unobligated balances on all damage assessment projects are closely tracked through to settlement, at which time all unused or unneeded funds are pulled back and re-allocated to other high-priority projects. In some instances and under certain circumstances, case teams have been directed to or have voluntarily returned project funds from ongoing projects so that they can be re-allocated to other projects and needs.

The program requires its case teams to document their respective assessment costs and attempts to recover those costs from the potentially responsible parties when negotiating settlement agreements. Over the past three fiscal years (2004 – 2006), the Program has utilized an average of \$2.3 million annually in recovered funds to supplement appropriated funds to fund new and ongoing assessment needs.

2008 Activity Performance

In 2008, the program plans to continue to utilize recovered past assessment costs from recent settlements and/or returned funds from completed assessments in addition to the \$3.5 million in

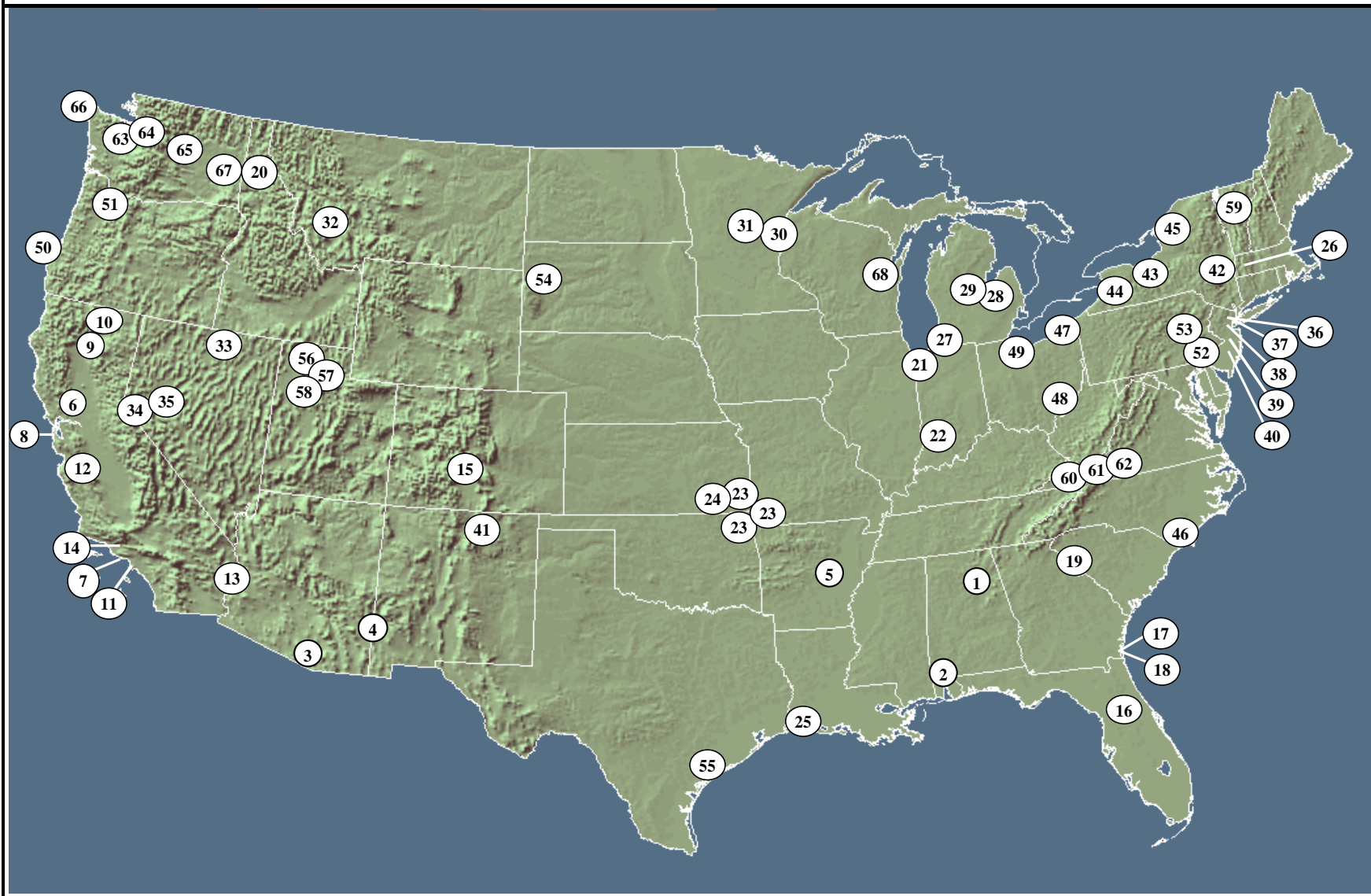
appropriated funds contained in this request. It is estimated that these funds will support new or ongoing damage assessment efforts at approximately 30 sites, maintaining the damage assessment capability at current levels. This level of funding will support new feasibility studies, initiation of assessments at new sites, as well as providing continued funding for ongoing cases. As has been the case in recent years, the program anticipates that original project proposals from the field for funding will exceed the amount of funding available. The program will continue its focus on the use of cooperative assessments, and pursue funding agreements with potentially responsible parties. Money provided under these funding agreements expands the program coverage by allowing other damage assessment cases to utilize the appropriated and returned assessment funds. In addition, the program will continue to refine its milestone reporting process and use that performance information to enhance management of its damage assessment workload.

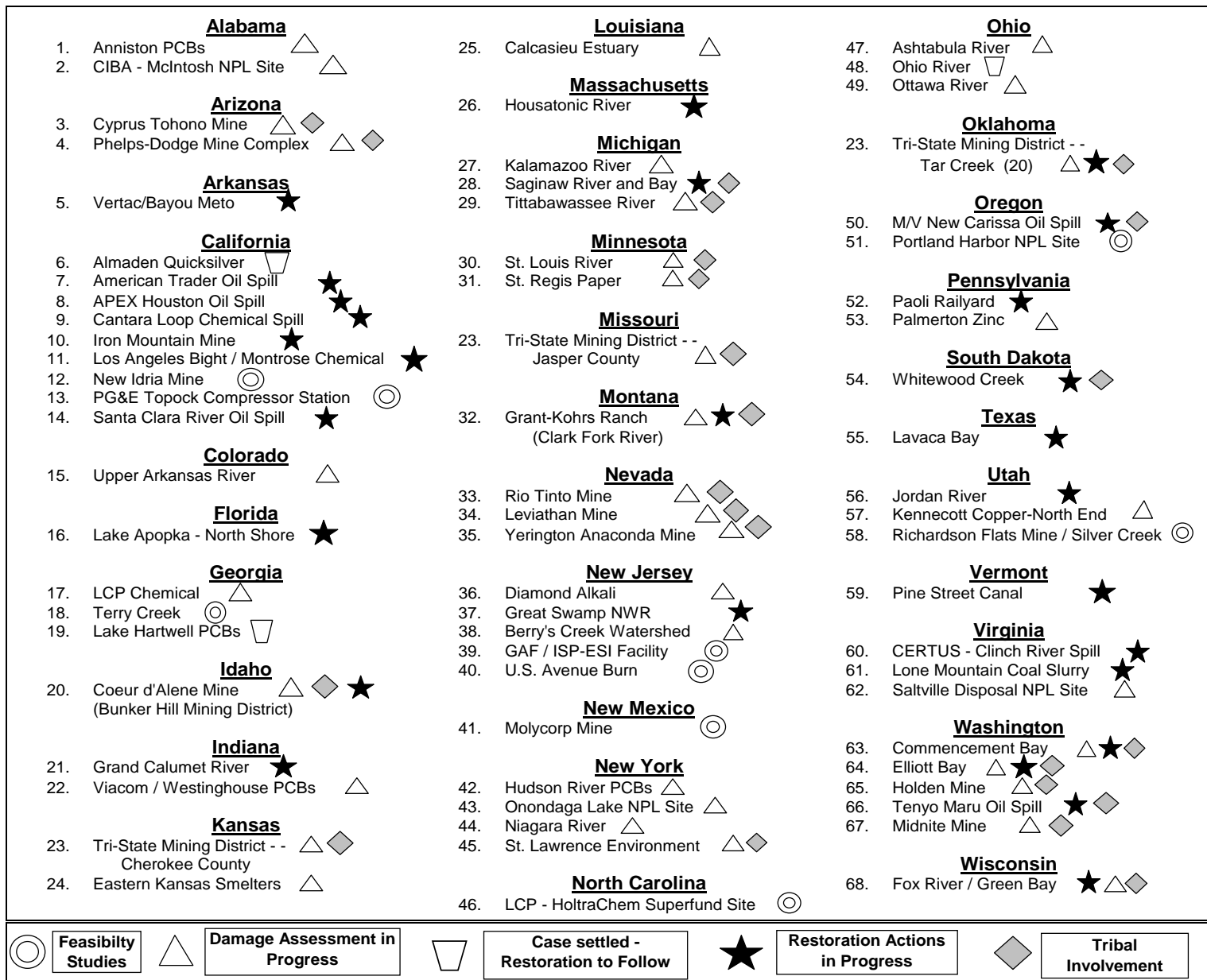
In 2008 the program will begin to implement any administrative and regulatory reforms that come out of the FACA process upon the Secretary's acceptance of the FACA Committee recommendations. (See Program Management activity section for a broader discussion of the FACA Committee).

In its 2007 project funding deliberations, the Restoration Program again made use of performance data collected from ongoing cases that document the attainment of specific chronological milestones (trustee MOU, assessment plan development, injury determination and quantification, claim for damages, etc.) in the multi-year process toward settlement. Funding decisions were weighted towards those cases that continue to show progress along the damage assessment continuum towards settlement and eventual restoration. Cases that stall or fail to progress are considered a lesser priority, but are given direction to make course corrections at a stable or reduced funding level. Course corrections must be made before funding is made available for addressing subsequent milestones. For example, a case team was directed to finalize necessary procedural products such as a publicly-announced assessment plan before beginning its scientific studies. Such performance information lends itself to helping the Restoration Program better manage its workload by having a clearer sense of when damage assessments are near completion and opportunities for new starts emerge.

The Program's current damage assessment project caseload through 2007 totals 46 ongoing cases (including feasibility studies), and are among those depicted on the map and table on the following pages.

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





Damage assessment activities are essential first steps in the process of restoring natural resources that have been injured by releases of oil or hazardous substances. The nature and magnitude of the natural resource injury must first be fully understood and quantified if the resulting restoration actions are to be effective. The program performance measures of acres and miles of habitat restored, however, do not directly measure progress in the Damage Assessment activity. Instead, the Program must rely on workload measures, such as numbers of assessment cases that have been settled and amount of funds recovered in those settlements. These program output measures report the following 2006 accomplishments: Through January 2007, the DOI Restoration Fund has recovered over \$700 million in gross settlement receipts and earned interest since its creation in 1992. (All amounts inclusive of Exxon Valdez oil spill funds). Deposits and interest for 2006 alone totaled nearly \$76 million). Within that amount, 6 Departmentally-funded damage assessment cases reached settlement, with an estimated value of over \$16 million received.

ACTIVITY: RESTORATION SUPPORT

Natural Resource Damage Assessment	FY 2006 Actual	FY 2007 CR	2008			Change from FY 2007 (+/-)	
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request		
Activity: Restoration Support	\$000	574	515	+10	0	525	+10
	FTE	2	3	0	0	3	0
Impact of the CR [Non-Add]			[-61]		[+61]		

Summary of FY 2008 Program Changes

Impact of CR (non-add) [-\$61]

Total FTE Impact 0

Activity Overview:

Every action the Restoration Program undertakes is done with the goal of restoration in mind. Upon the conclusion of a damage assessment and achieving settlement, Departmental bureaus, working in partnership with other affected State, Federal, tribal and/or foreign co-trustees, use settlement funds to carry out restoration activities. Under this activity, the Program continues its coordinated effort to focus greater attention on restoration activities and to expedite the expenditure of settlement funds to develop and implement resource restoration plans. The Restoration Support Unit staff, upon request, provides engineering and ecological/biological support to the Department's case managers/teams, as well as assistance with meeting various legal and regulatory requirements, identifying possible partnering opportunities, and drafting appropriate documents. In addition, the Program continues to work with the USGS in the field of restoration ecology to develop monitoring protocols to measure the success of restoration efforts.

Over ninety percent of all funds received and interest earned to date from natural resource damage case settlements are designated as restoration funds, and can be used only for restoration planning, implementation (including land acquisition), oversight, and monitoring of implemented restoration actions at a specific site or related to a specific settlement, after the issuance of an approved restoration plan. The use of such settlement funds provides real value to the American public, as injured natural resources and services are restored by, or at the expense of the responsible party, and not the taxpaying public.

Other Available Restoration Resources		
(Dollars in \$000)		
	<u>2007</u>	<u>2008</u>
Settlement funds currently held in DOI Restoration Fund (estimate)	\$224,000	\$255,000
Settlement funds in various court registry accounts (estimate)	\$100,000	\$100,000

In addition to settlement funds deposited into the DOI Restoration Fund, the Department is a party to other natural resource damage settlements where settlement funds are deposited into a Court Registry or some other account selected by the Trustees. Additionally, there are a number of settlements where the responsible parties have agreed to undertake or implement the restoration action, with trustee agencies providing oversight to ensure compliance with the terms of the settlement and adherence to the approved and public-reviewed restoration plan. Once fully implemented, the restoration actions are then monitored by the trustees to ensure they have been effective and accomplished the goals and intent of the restoration plan.

2008 Activity Performance:

In 2008, the Program will continue activities furthering the achievement of restoration, primarily through the Restoration Support Unit in Denver. The focus of this activity will continue to be to provide assistance to the field for the sole purpose of getting restoration accomplished on the ground. As the focal point for the program’s restoration efforts nation-wide, in 2008 the Unit will continue to support and facilitate restoration led by the bureaus at sites where damage claims have been settled. In addition, the Unit expects to have compiled a significant amount of information on restoration successes and actual restoration costs and start providing input based on lessons learned that will help damage assessment case teams improve the strength of their damage claims in the future.

In 2008, the program will implement any administrative and regulatory reforms that come out of FACA process upon Secretary’s acceptance of FACA Committee recommendations. The FACA Committee is addressing key questions that impact the restoration of injured natural resources, such as how to evaluate the potential effectiveness of restoration alternatives (on-site vs. off-site) and how to streamline post-settlement restoration activities. (See Program Management activity section for a broader discussion of the FACA Committee).

Additionally, in 2008, the program will continue to work with USGS to implement the restoration science initiative begun in 2006. The study plans developed at the start of the initiative will establish possible out-year schedules for the testing of protocols in 2008 and beyond at key sites representative of habitats and contaminants that the program addresses. The long-range outputs of the initiative include:

- Tools to predict the time from initiating restoration actions to system recovery that incorporate toxicological effects, land use, and the natural variability in ecosystems.
- Integrated models that will help to predict realistic responses for alternative management actions, thus enabling managers to implement adaptive management strategies and move impaired ecosystems toward their restoration goals.
- Increased understanding of the ecological significance of restored habitats, leading to improved endpoints and more meaningful criteria for measuring restoration success.
- Long-term time series (5-10 years) information on restoration success specific to contaminated lands.

In 2006, the program completed the start-up and staffing of the Restoration Support Unit. The Unit continues to provide technical support to case teams to facilitate multiple aspects of restoration, including contracting, restoration planning, engineering support, and seeking out partnership opportunities and matching funds. In 2007, in addition to the activities just described, Unit staff will lead tech transfer and outreach activities to ensure that restoration advances made by individual case teams will be shared with fellow restoration practitioners. Examples include development of training modules to be taught at the FWS and BLM training centers, and the organization of seminar sessions at the Restoration Program's annual workshop.

Throughout 2006 and 2007, program staff have provided key logistical and programmatic support to the program manager in his role as the Designated Federal Officer of the NRDAR Advisory Committee. Recommendations from the committee, expected in 2007, will likely lead to the development of new policies, guidance, and outreach materials to improve restoration implementation in the field.

In addition, the Restoration Program is implementing a restoration science initiative approved in the FY 2006 appropriations bill. These efforts bring USGS science expertise to address the ecological restoration of species and habitats injured by the release of oil or other hazardous substances and the monitoring and measurement of restoration success.

Although many scientifically valid techniques are available to document the extent and severity of injury to natural resources, restoration science is still in its infancy. Several interconnected efforts, engaging multiple disciplines within USGS, are being undertaken to strengthen the state of restoration science, reduce disagreements with responsible parties, and help us achieve more timely and effective restoration.

Improving the science in the design, implementation, and monitoring of type-specific restoration projects will increase the understanding of issues critical to restoration success, thus benefiting the Restoration Program as a whole, as well as enabling "technology transfer" opportunities to other DOI restoration efforts, including the Everglades, California Bay-Delta, and possibly the hurricane-ravaged Gulf coast.

RESTORING INJURED RESOURCES

The following are examples of on-the-ground restoration accomplishments achieved by the DOI bureaus and their co-trustees at a number of selected sites:

Montrose Chemical, California

On April 12, 2006, biologists and bird enthusiasts witnessed a rare event on the northern Channel Islands, one that hadn't been seen in over 50 years. There, off the coast of California, a bald eagle chick was hatched naturally. A month later, a second bald eagle chick was hatched naturally. While successful natural reproduction of bald eagles may be common in other parts of the country, these two events were a significant accomplishment noted by biologists and bird enthusiasts in this area.

Bald eagles, once common on the southern California coast and near-by Channel Islands, had dwindled in numbers and then vanished in the latter half of the 20th century. The pesticide DDT, with its associated eggshell thinning, was thought to be a major contributor to this decline. Since 2002, natural resource trustees including the U.S. Fish and Wildlife Service, the National Park Service, NOAA, and three California state agencies have been using funding recovered in the litigation against Montrose (the manufacturer/discharger of the DDT) and others to restore bald eagles to the northern Channel Islands. In partnership with the Institute for Wildlife Studies and the San Francisco Zoo, early restoration efforts entailed incubating and hatching eggs at the zoo, and reintroducing the juvenile eagles on the Channel Islands. Approximately 40 bald eagles currently inhabit the area.



Two-month old eagle A-49 the day it was banded.

(Photo: Jim Spickler, Eco-Ascension Research and Consulting)

This year's natural nesting, breeding, and hatching has sparked public interest in the restoration. After the installation of an internet web camera to follow the development of the first eagle chick, several interested individuals began to share stories of their fascination with the chick's growth and development. What started out as a 'virtual' internet chat community has now become an organized support group of nearly 300 members that have raised additional funding to assist the Institute for Wildlife Studies in its restoration activities.

In addition to the bald eagle restoration success, the natural resource trustees have also begun activities to restore injured wetlands, peregrine falcons and seabird populations, as well as building artificial reefs and expanding access for recreational fishing to compensate the public for contaminated fish stocks.

Midwest Solvent Recovery Company Superfund Sites, Indiana

Natural resource restoration is rarely an overnight success. In one example, two decades of continuous effort led by the U.S. Fish and Wildlife Service (FWS) and co-trustees from the Indiana Department of Environmental Management and the Department of Natural Resources culminated this fall in the dedication of a restored 254-acre nature preserve in northwestern Indiana. The Pine Station Nature Preserve is a unique natural resource asset in an unlikely spot surrounded by steel mills, other manufacturing plants, and a regional airport.

The U.S. Fish and Wildlife Service was instrumental in conducting the original site contaminant investigations in the late 1980's that provided the scientific and technical basis for an NRD settlement in 1993. The Indiana DNR acquired the Pine Station property from the potentially responsible parties associated with the Midwest Solvent Recovery Company Superfund Sites near Gary, Indiana in partial settlement of claims arising from the storage and disposal of thousands of drums of hazardous waste into wetlands.

The FWS and Indiana co-trustees undertook more than a decade of efforts to restore the area to the natural habitats that existed prior to its degradation. Indiana DEM took the lead on site cleanup, removing hazardous and solid waste, condemned buildings, and abandoned vehicles from the property.

Surrounded by heavy industrial development, the site retained nearly 50 acres of degraded, though relatively intact, dune and swale habitat that approximates the original elevation and contours of the land. Burning and removal of invasive and non-native plant communities has allowed native and rare plant communities to re-establish, providing habitat for fish and wildlife species that had been injured or destroyed by the industrial contamination at the Superfund site less than a half mile away.



The restored dune and swale habitat, once plentiful in the Great Lakes Region, is now rare and provides home for numerous State or federally-listed endangered species or species of concern.

The Indiana DNR has plans to increase the public's enjoyment of the site by developing hiking trails and visitor facilities on the preserve and linking those trails to other trails on nearby nature preserves.

Niagara County Regional Restoration Plan, New York

Within Niagara County, New York, the natural resource trustees developed a regional restoration plan, which incorporates settlements from three Superfund sites. Rather than incurring the transaction costs involved in writing and conducting public reviews of three separate but similar restoration plans, the trustees agreed to produce a single overarching restoration plan that addresses the similar injuries found at three nearby Superfund sites – Love Canal, Forest Glen Subdivision, and the 102nd Street Landfill. Regional restoration plans such as this one have been rare to date, but may be increasingly used in the future when trust resource injuries and available restoration alternatives are comparable among multiple cases within a limited geographic scope. The term 'regional plan' can refer to sites dealing with similar injuries in the same general area or to preexisting watershed plans or flyway plans.



Volunteers erect sign at new Audubon Preserve, Niagara County, New York

These three Superfund sites experienced a broad suite of similar resource injuries that affected in-stream habitat, wetlands, and uplands. Key species affected at the sites include waterbirds

such as the common tern and recreational fishery resources such as the walleye. The U.S. Fish and Wildlife Service and natural resource co-trustees from NOAA and the New York Department of Environmental Conservation are working with a diverse variety of partners to implement over \$1.3 million in restoration projects. Cooperative conservation partners in the area include the Tuscarora Indian Nation, City of Niagara Falls, National Audubon Society, New York State Parks, Niagara County Soil and Water Conservation District, Erie County, and the Western New York Land Conservancy.

The challenge of effectively and efficiently merging such an array of local interests and resource needs into a single comprehensive plan at first seemed daunting to many. The trustees began by agreeing on a set of criteria for judging potential restoration projects. Primary among the criteria was a clear and compelling connection between the restoration and the resource injury. Reflecting the diversity of conservation interests and the multiple resource injuries at the sites, the trustees and their partners are now undertaking numerous projects in Niagara County and adjacent Erie County, including wetland acquisition, wetland, and riparian restoration, restoration of grassland/oak savannah habitat, and rearing and releasing walleye.

Lavaca Bay / ALCOA NPL site, Texas

Located on the eastern shore of Lavaca Bay, portions of Alcoa's industrial facility, a dredge island, and nearby areas of the bay form the Lavaca Bay/ALCOA NPL Site. Past industrial activities at the facility resulted in mercury and hydrocarbon contamination in many areas of the bay and a fish and shellfish consumption advisory beginning in 1988 that closed parts of the bay to fishing and crabbing. Upon addition of the site to the National Priorities List for clean-up in 1994, Alcoa worked cooperatively with state and federal response agencies to develop a remedial investigation and feasibility study that led to final site clean-up plans in 2001.

Alcoa and the natural resource trustees (U.S. Fish and Wildlife Service, NOAA, and three state agencies: Texas Commission on Environmental Quality, Texas Parks and Wildlife Department, and the Texas General Land Office) continued that vein of cooperation through the NRD assessment process, leading to a settlement of natural resource damage claims and a final restoration plan at the end of 2004. The settlement and plan include a variety of restoration actions that will compensate the public for the long term environmental effects of the past releases on benthic resources, fish, birds and other biota, as well as to compensate for impacts to recreational fishing in the Bay.

Alcoa has taken the lead in implementing a number of restoration actions itself, under natural resource trustee agency oversight. Alcoa has completed construction of a 70-acre salt marsh on the Aransas National Wildlife Refuge under a design intended to mimic the adjacent natural marshes and benefit juvenile and adult finfish, shrimp, crabs, oysters, shorebirds, and migratory waterfowl. The marsh was constructed by excavating existing upland areas to an elevation suitable for intertidal habitat and filling nearby submerged bay bottom to bring it to the required elevation. Alcoa then planted the entire area with marsh vegetation. A newly constructed 4,900-foot breakwater protects the new marsh from erosion.



Constructed wetlands along the Texas Gulf Coast prior to revegetation

Alcoa has also purchased approximately 730 acres of land to transfer to the U.S. Fish and Wildlife Service for addition to the Aransas National Wildlife Refuge. The new property includes roughly 60 acres of estuarine marsh habitat, 205 acres of upland coastal prairie and shrubland, 78 acres of freshwater marsh and transitional shrubland, and a 370-acre shallow freshwater lake. This acreage will support a number of migratory birds, including waterfowl and shorebirds. The upland habitat has already been converted from pastureland to wildlife habitat. Trustee agencies expect that the newly acquired, restored and protected property will also provide wintering marsh habitat for whooping cranes, a record number of which have returned to the central Texas coast this year.

Alcoa has built an 11-acre oyster reef in the southeastern portion of Lavaca Bay, constructed with limestone rock as a substrate for the attachment of larval oysters and other mollusks for reef creation. Within a few months of construction the reef was already densely colonized by young oysters. In addition to oysters, this reef system provides important habitat and forage for several species of fish. Additionally, to compensate for losses due to the past recreational fishing closures, Alcoa has built three fishing piers and made improvements to three boat ramps in Lavaca Bay.

ACTIVITY: PROGRAM MANAGEMENT

Natural Resource Damage Assessment	FY 2006 Actual	FY 2007 CR	2008			Change from FY 2007 (+ / -)	
			Fixed Costs & Related Changes (+ / -)	Program Changes (+ / -)	2008 Request		
Activity: Program Management	\$000	1,569	1,444	+70	0	1,514	+70
	FTE	4	4	0	0	4	0
Impact of the CR [Non-Add]			[-171]		[+171]		

Summary of FY 2008 Program Changes

Impact of CR (non-add) [-\$171]

Total FTE Impact 0

Activity Overview:

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

Program Management funding enables the program to maintain support for bureau workgroup representation, ensuring essential integrated program coordination across the Department. The request includes funds for program support positions in the five primary trustee bureaus (BIA, BLM, BR, FWS, NPS), technical support offices (USGS, Office of Policy Analysis, and Office of the Solicitor) and regional coordination (DOI Office of Environmental Policy and Compliance). The Program Office currently provides \$78,000 (approximately 0.6 FTE) to each participating bureau for workgroup participation and program support. A fully integrated Departmental program requires at least this level of bureau participation on the workgroup and Program Management Team, as well as continued regional coordination and technical support in science, economics, and law.

2008 Program Performance Estimates:

For 2008, Restoration Program will implement any administrative and regulatory reforms that come out of FACA process upon Secretary's acceptance of FACA Committee recommendations.

In addition, a wide range of program operations and improvements will be carried over from 2007. All Program Management efforts are focused on providing the tools or processes to achieving restoration of injured natural resources.

The 2008 request level will support the workgroup as the Program continues its communication, consultation, and coordination activities with industry, the environmental community and Federal, State, and Tribal co-trustees. Continued cooperation and coordination with co-trustees will enhance opportunities for efficiencies and to identify and eliminate duplication of effort and process redundancies.

Program management activities in 2008 will include the following efforts to continue to develop, refine and update a number of existing administrative and policy tools, with an eye towards improved consistency and effectiveness. Among these efforts are the following:

- Continue to evaluate the appropriate use of economic analytical tools used in damage assessment and restoration activities.
- Coordination with other trustees and restoration funding entities (U. S Coast Guard's National Pollution Funds Center) to develop common cost documentation practices and formats to ensure consistency and uniformity.
- Broaden the opportunities for cooperative assessment by improving existing guidance and documents.
- Improve public outreach and information sharing through internet-based applications and websites.

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

A positive aspect to the cooperative conservation approach practiced by the Department is revealed in the amount of cooperative assessment funds provided by potentially responsible parties to the Department. In FY 2006, over \$4.1 million was provided by cooperating responsible parties to either reimburse the Department or to provide advance funding for damage assessment activities prior to settlement. These funds provide a significant boost to the Restoration Program's damage assessment capabilities, allowing it to supplement its limited amount of appropriated and recovered damage assessment funding, thus permitting the Department to fund other cases it might not otherwise be able to fund.

At a national workshop held in March 2006, the Program provided training for over 130 practitioners from across the Department on a variety of topics including project management, damage claim development, restoration methods and other scientific and legal issues. As an indicator of continued implementation of the Cooperative Conservation philosophy focused on communication and coordination with other involved parties, over 50 State, Tribal, and Federal co-trustees, as well as representatives from industry and the conservation community also attended the workshop.

Restoration Program Advisory Committee

In 2005, the Secretary chartered an NRDAR Advisory Committee to provide advice and recommendations on issues related to the Department's authorities, responsibilities and implementation of natural resource damage statutes and regulations. The Committee consists of 30 members selected from Federal, state and tribal natural resource trustee agencies, and representatives from business and industry, the academic community, and national and local environmental groups. The FACA Committee is addressing key questions that impact the damage assessment process, such as how to improve injury determination methods, how to deal with interim losses of natural resources, and implementation of restoration. In 2007, the Advisory Committee continues its work, leading to committee recommendations to be presented to the Secretary in May 2007.

In the NRDAR process, successfully implementing a cooperative conservation-focused approach requires more than cooperation among one Federal agency and some potentially responsible parties. The Federal statutes that authorize natural resource damage claims mandate coordination among state, tribal, and Federal agency trustees that share management and control responsibilities for natural resources. Moreover, the regulations that implement these statutes describe an open process, with significant public involvement, in the assessment and restoration of injured natural resources. The Department – by virtue of its comprehensive trusteeship over federally managed resources and its unique status as rule-making authority for the conduct of assessments and restoration is particularly suited to sponsoring a process for seeking consensus among all interested parties, on productive alternatives to an adversarial process for restoring injured natural resources. Such a process – by promoting faster, more efficient, and more effective restoration of injured public natural resources – is clearly in the public interest, and essential to the successful administration of the Department's responsibilities. The success of this venture depends on the interested parties working together, over time, to build consensus on complex practice issues

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

Program Support of Bureau, Departmentwide, and Governmentwide Costs:

Section 405 of the 2006 Interior appropriations bill directs the disclosure of overhead, administrative, and other types of administrative support spending. The provision requires that budgets disclose current amounts and practices with regard to overhead charges, deductions, reserves, or holdbacks from program funding to support government-wide, Departmental, or bureau administrative functions or headquarters, regional, or central office operations. Changes to such estimates trigger reprogramming procedures, in which the Department must provide advance notice to and seek approval from the House and Senate Appropriations Committees.

For 2008, the Restoration Program’s costs related to overhead, administration, and central/regional operations are addressed in three components of the budget, all under the heading of External Administrative Costs. These costs include amounts paid to the Department or other Executive Branch agencies to support Departmental or Government-wide administrative costs.

External Administrative Costs			
(Dollars in Thousands)			
	FY 2006 <u>Actual</u>	FY 2007 <u>Estimate</u>	FY 2008 <u>Estimate</u>
<u>DOI Working Capital Fund</u>			
Centralized Billings	74	80	87
Fee for Services	0	0	0
Direct Billings	151	161	159
Reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total, Working Capital Fund	153	225	228
<u>Fish and Wildlife Service</u>			
Cost Allocation Methodology (CAM)	169	170	169
<u>U.S. Department of Justice</u>			
DOJ Sec. 108 3% Offset Authority	125	130	135

Charges related to the Departmental Working Capital Fund (WCF) identified in the above table reflect the Restoration Program’s share of centralized Departmental expenses for items and expenses such as telecommunications, security, mailroom services, costs associated with audited financial statements, and other WCF charges.

The Fish and Wildlife Service (FWS) assesses its user-pay Cost Allocation Methodology (CAM) on damage assessment funds provided to the Service from the Restoration Program. Funds collected by FWS are used to offset a range of Servicewide administrative costs. For 2007, CAM charges to the Restoration Program will be \$170,000. For 2008, FWS estimates CAM charges of \$169,000.

The Department of Justice applies a three percent offset to some, but not all, civil litigation debt collections made on behalf of the Restoration Program. Authority for these offsets can be found

in Section 108 of the Commerce, Justice, and State Appropriations Act for Fiscal Year 1994 (P.L. 103-121, 107 Stat 1164 (1994)). The offset is applicable to collections where the Department is the sole recipient of the funds. Funds subject to the offset authority are credited to the DOJ Working Capital Fund. The DOJ offset authority does not apply to restoration settlements jointly shared with non-Federal co-trustees that are collected by DOJ and deposited into the DOI Restoration Fund.

The Program Management activity, which includes Restoration Program administrative functions and central and regional operations, does not assess or levy any internal program overhead charges, deductions, or holdbacks to support such operations.

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

Program and Financing (in thousands of dollars)

Identification code 14-1618-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
Obligations by program activity:			
Direct Program:			
00.01 Damage Assessments	7,423	7,000	7,000
00.02 Prince William Sound Restoration	1,431	1,480	1,800
00.03 Other Restoration	16,464	20,100	20,200
00.04 Program Management	2,386	2,900	3,000
00.91 Total, direct program	27,704	31,480	32,000
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	194,896	245,141	281,770
22.00 New budget authority (gross)	79,788	70,109	45,224
22.10 Resources available from recoveries of prior year obligations	1,175	1,000	1,000
22.21 Unobligated balance transferred to other accounts: Funds Transferred to DOC/NOAA 13-4316)	-3,014 [-3,014]	-3,000 [-3,000]	-3,000 [-3,000]
23.90 Total budgetary resources available for obligation	272,845	313,250	324,994
23.95 New obligations	-27,704	-31,480	-32,000
24.40 Unobligated balance carried forward, end of year:	245,141	281,770	292,994
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation (definite)	6,077	6,109	6,224
40.35 Appropriation permanently reduced	-61		0
43.00 Appropriation (total)	6,016	6,109	6,224
Mandatory:			
60.25 Appropriation (Special fund, Indefinite)	75,731	65,000	40,000
61.00 Transferred to Other Accounts: (Funds Transferred to DOC/NOAA 13-4316) (Funds Transferred to USDA/USFS 12-5215)	-1,959 [-1910] [-49]	-1,000 [-1,000] [0]	-1,000 [-1,000] [0]
62.50 Appropriation (total mandatory)	73,772	64,000	39,000
70.00 Total new budget authority (gross)	79,788	70,109	45,224

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

Program and Financing (in thousands of dollars)

Identification code 14-1618-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
<u>Change in obligated balances:</u>			
72.40 Obligated balance, start of year	11,876	8,211	5,360
73.10 New obligations	27,704	31,480	32,000
73.20 Total outlays, gross (-)	-30,194	-33,331	-35,940
73.45 Adjustments in unexpired accounts	-1,175	-1,000	-1,000
74.40 Obligated balance, end of year	8,211	5,360	420
<u>Outlays, (gross) detail:</u>			
86.90 Outlays from new current authority	4,254	4,276	4,357
86.93 Outlays from current balances	1,823	1,805	1,833
86.97 Outlays from new permanent authority	2,412	5,550	3,750
86.98 Outlays from permanent balances	21,705	21,700	26,000
87.00 Total outlays (gross)	30,194	33,331	35,940
<u>Net budget authority and outlays:</u>			
89.00 Budget authority	79,788	70,109	45,224
90.00 Outlays	30,194	33,331	35,940
<u>Investments in U.S. securities</u>			
92.01 Total investments, start of year U.S. securities, par value	177,954	227,474	250,000
92.02 Total investments, end of year U.S. securities, par value	227,474	250,000	275,000

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

Object classification (in thousands of dollars)

Identification code 14-1618-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
<u>DIRECT OBLIGATIONS</u>			
Personnel compensation:			
11.1 Full-time permanent	702	643	661
11.3 Other than full-time permanent	0	0	0
11.5 Other personnel compensation	8	10	10
11.9 Total personnel compensation	710	653	671
12.1 Civilian personnel benefits	159	155	175
21.0 Travel and transportation of persons	87	40	50
23.1 Rental payments to GSA	39	43	48
23.3 Communications, utilities, and miscellaneous charges	2	2	3
24.0 Printing and reproduction	2	4	4
25.2 Other services	4	200	200
25.3 Purchases of goods & services from other govt. accounts	457	250	250
26.0 Supplies and materials	16	10	5
41.0 Grants	6,196	5,100	5,000
99.9 Subtotal, direct obligations	7,672	6,457	6,406
<u>ALLOCATION ACCOUNTS</u>			
Personnel compensation:			
11.1 Full-time permanent	4,685	4,650	4,800
11.3 Other than full-time permanent	981	1,000	1,000
11.5 Other personnel compensation	63	140	150
11.9 Total personnel compensation	5,729	5,790	5,950
12.1 Civilian personnel benefits	1,536	1,643	1,734
21.0 Travel and transportation of persons	561	700	750
22.0 Transportation of things	25	30	35
23.1 Rental payments to GSA	154	200	210
23.2 Rental payments to others	2	10	10
23.3 Communications, utilities, and miscellaneous charges	35	100	105
24.0 Printing and reproduction	27	50	50
25.1 Advisory and assistance services	10	50	50
25.2 Other services	4,337	6,800	7,000
25.3 Purchases of goods & services from other govt. accounts	339	450	400
25.4 Operation & maintenance of facilities	25	350	350
25.7 Operation & maintenance of equipment	19	50	50
26.0 Supplies and materials	372	600	500
31.0 Equipment	180	400	400
32.0 Land and structures	1,226	1,400	1,600
41.0 Grants	5,455	6,400	6,400
99.0 Subtotal obligations - Allocation Accounts	20,032	25,023	25,594
99.9 Total obligations	27,704	31,480	32,000

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

Obligation Summary (in thousands of dollars)

Identification code 14-1618-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
Obligations are distributed as follows:			
Natural Resource Damage Assessment Program Office	7,671	6,457	6,406
Bureau of Indian Affairs	880	1,300	1,300
Bureau of Land Management	226	450	480
Bureau of Reclamation	62	100	100
Fish and Wildlife Service	14,259	18,500	18,914
National Park Service	2,302	2,350	2,400
Office of the Secretary	830	750	800
U.S. Geological Survey	1,474	1,573	1,600
99.9 Total obligations	27,704	31,480	32,000

Personnel Summary

Identification code 14-1618-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	6	7	7
Average Salary per FTE	\$101,366	\$107,216	\$110,432

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

	2006 Actual	2007 Request	2008 Estimate
Executive Level	0	0	0
SES.....	0	1	1
CA-3 *.....	0	0	0
AL-2-3 **	0	0	0
SL-0 ***	0	0	0
subtotal.....	0	0	0
GS/GM-15	1	0	0
GS/GM-14	3	3	3
GS/GM-13	2	2	2
GS-12	0	1	1
GS-11	0	0	0
GS-10	0	0	0
GS-9	0	0	0
GS-8	0	0	0
GS-7	0	0	0
GS-6	0	0	0
GS-5	0	0	0
GS-4	0	0	0
GS-3	0	0	0
GS-2	0	0	0
subtotal (GS/GM).....	6	7	7
Total employment (actual / projected) at end of fiscal year.....	6	7	7

*CA - DOI Board Member

**AL - Administrative Law Judge

***SL - Senior-Level / Scientific Professionals