Recommendations for Restoring and Protecting the Ecosystems, Economies and Communities of the Gulf Region

---

Prepared for the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling

December 8, 2010

Signed by:

The Environmental Defense Fund
National Audubon Society
The National Wildlife Federation
The Nature Conservancy
Ocean Conservancy
Oxfam America

The health of the Gulf of Mexico ecosystem is integral to the economies and ways of life in Gulf Coast communities. Clean and healthy waters, marshes, and beaches correlate to abundant fisheries, protection from storm surge for towns and businesses, and a vibrant tourism economy. The BP oil disaster has jeopardized Gulf Coast communities who are already at risk, impacting the lives and livelihoods of 24 million Americans from Florida to Texas who rely on a healthy and resilient Gulf ecosystem. The environmental health of the Gulf of Mexico is critical to protecting the economic health of not only the Gulf Coast, but of the entire United States.

Summary

As a coalition of environmental, economic, and social equity organizations, we recommend that:

- *A significant percentage of Clean Water Act (CWA) penalties and fines against BP for the Deepwater Horizon oil discharge is directed towards Gulf ecosystem restoration.* Restoration can help to preserve the economic base and make it more resilient to future disasters, like hurricanes and sea level rise. The spill makes it increasingly vital to continue, expand and accelerate Gulf-wide conservation and restoration work as quickly and at as broad a scale as possible. While the Natural Resource Damages Assessment and Economic Damages payments from BP must restore the Gulf environment and economy to their status as of the day of the spill, the penalties dedication should address complimentary but pre-existing environmental weaknesses that are undermining the Gulf's long-term resiliency and sustainability. We must embrace a bold vision for conservation and economic stability and set ambitious goals for long-term restoration.

- *Gulf restoration efforts engage natural resource agencies, universities and private partners from across the region.* In order to change the future of the Gulf and its communities, state and federal governments, NGOs, businesses (fishing and seafood processing, oil and gas, navigation, and tourism), local

communities, and others who value the Gulf – must all come together around a truly comprehensive plan to revitalize and restore it.

- *A "Gulf of Mexico Environmental and Economic Sustainability Council" is established.* The primary role of the Sustainability Council would be to create the agenda and coordinate the implementation of the many environmental restoration and protection programs being carried out by federal agencies, state and local governments, and organizations in the private sector in the Gulf of Mexico. The council and its staff would have sufficient authority and budgetary control to ensure the implementing agencies' effectiveness, accountability, and coordination. The Sustainability Council should also serve as the regional planning body under Executive Order 13457 "Stewardship of the Ocean, Our Coasts, and the Great Lakes."

- *Under the Sustainability Council, a Science Advisory Group is established to enhance the integration of science and management – documenting and supporting the programmatic-level science and other research needed to update and implement the Gulf Restoration Plan.* One of the first tasks assigned to the Science Advisory Group should be the development of a science coordination plan and recommendations for priority research areas.

- *An Economic Advisory Group is established under the Sustainability Council to enhance the integration of economic and ecosystem goals – documenting and supporting the economic impact and analysis and other research needed to update and implement the Gulf Restoration Plan.* One of the first tasks of the Economic Advisory Group should be to establish a baseline of economic data and develop a process to analyze projects for potential job creation and retention. Coordinating economic development strategies with environmental projects can contribute to building a new restoration economy across the Gulf and help diversify the regional economy away from its reliance on extractive industries.

- *Restoration of the Gulf includes a plan to empower Gulf Coast residents and businesses, especially those affected by the BP* Deepwater Horizon *disaster, to take part in restoring the Gulf to protect the economic base, create and retain jobs and investment, and develop long-term career pathways out of poverty.*

Background

Over the last 90 years, the Gulf and the natural systems that support it have changed dramatically. Coastal prairies and forests have been developed and fragmented, dredging and unsustainable fishing practices have harmed fish and wildlife, and coral reefs and sea grass beds have been severely damaged. Rivers have been altered by levees and dams that diminish the flow of fresh water and sediments needed for healthy coastal wetlands. This is especially evident in coastal Louisiana where 40 percent of the nation's coastal wetlands are found – wetlands that are disappearing at rates higher than anywhere else in North America. As a result, millions of acres of marshlands and other habitats across the Gulf have been lost; productivity of fisheries and shellfish populations has declined; dozens of species have become threatened or endangered; and the

resilience of these systems in the face of natural and human-caused disturbances has been compromised.

Moreover, the Gulf of Mexico has provided the foundation for a strong and vibrant economy that has supported generations of people not only on the Gulf Coast, but across the country. From the fishing industry to the tourism industry to the maritime industry to the energy industry, the Gulf of Mexico has been a basis point for creating thousands of jobs and has played a key role in the development of the region.

Coastal communities across the region were already home to a higher than national average incidence of poverty. Alabama, Louisiana and Mississippi regularly rank among the five states with the most extreme poverty and childhood poverty. While social factors do not determine who will be hit by a disaster, they do determine a population's ability to prepare, respond and recover when disaster does strike. The Social Vulnerability Index, highlighted in the Oxfam America report "Exposed" (adapt.oxfamamerica.org), shows poverty to be the number one factor in determining a community's vulnerability to a disaster. Additional factors, such as race, ethnicity, gender and special needs populations, also contribute to a community's ability to deal with natural and man-made hazards.

The interaction of these factors has left tens of thousands of people along the coastline facing a damaged ecosystem and greater risks of disaster. Indigenous tribes that have lived on the land for centuries and historic African-American and French-Cajun communities, as well as newer Asian-American and Latino residents – many depending on the health of the Gulf for their livelihoods – have contributed to the unique culture of the region. And they all face the possibility of displacement without significant action. Along America's Gulf Coast, even before this latest disaster, a way of life remains under assault. Unfortunately, socially vulnerable communities have lacked the political voice to move their elected officials to invest adequately in protecting their neighborhoods, creating an entire region facing significant environmental justice challenges.

The BP Oil Disaster

The BP oil disaster presented another significant threat to the Gulf of Mexico region. The full effects of the discharge on the environment and economy of the Gulf Coast remain unclear. What is clear is that this event will have continued and potentially long-term impacts in the region. Thousands of square miles of state and federal waters were closed to commercial and recreational fishing, and once pristine beaches were empty for much of the summer. These events sent a cascade of harmful effects through the Gulf Coast economy – oyster shucking houses shut down, coastal tourism industries suffered, and even charitable giving declined.

The BP oil disaster provided an acute demonstration of how much money and how many jobs depend on a healthy, functioning Gulf of Mexico. We can look at past years to estimate the impact on fishing and tourism income. In 2008, for example, 3.2 million anglers spent $12.5 billion on recreational fishing, total sales impacts from the commercial fishing sector were at $10.5 billion, and 7.5 million birdwatchers spent almost $7 billion on their hobby.[1] A study by Oxford Economics estimated that the oil

[1] "NOAA Fisheries: 2008 Fisheries Economics of the United States," available online at http://www.st.nmfs.noaa.gov/st5/publication/fisheries_economics_2008.html#

spill could affect tourism for three years at a cost of $22.7 billion in lost revenues. According to “A Study of the Economic Impact of the Deepwater Horizon Oil Spill”, completed by Greater New Orleans, Inc., in Louisiana alone, between 2011 and 2013, gross losses to the economy from lost fishing revenues may be between $285 million and $428 million, resulting in the loss of between 2,700 and 4,000 full time equivalent jobs and lost employee earnings of between $68 million and $103 million. This impact is heavily concentrated in Southeast Louisiana. Furthermore, while the extent of the damage to the Gulf Coast’s brand is still being measured, it is expected that it will take years for the Gulf Coast’s brand to recover.

Restoring the Gulf Coast Region

Regardless of the ecological and economic impacts caused by the BP blowout, the region remains economically vulnerable to the slower, but longer lasting alteration of the Gulf Coast ecosystem. Environmental restoration can help to preserve the economic base and make it more resilient to future disasters, like hurricanes and sea level rise. The BP oil discharge, coupled with decades of degradation, makes it vital to continue, expand and accelerate Gulf-wide conservation and restoration work as quickly and as comprehensively as possible. We must embrace a bold vision for conservation and set ambitious goals for long-term restoration.

A key goal for the Mississippi River delta is to re-establish the natural processes that sustain the delta portion of the Gulf coast, including reconnecting the long-severed connection between the Mississippi River and its delta. Another appropriately ambitious goal would be to restore one million acres of a variety of habitats indigenous to the Gulf of Mexico. A related objective would be large-scale restoration, enhancement or creation of oyster reefs and sea grass beds in all suitable areas. Another valuable goal would be to begin correcting the long-standing water quality problems that have led to hypoxic zones. And a suite of practical, large-scale restoration measures could be generated through targeted, applied science and technology innovation that supports more precise and tailored management of fisheries and essential fish habitats to facilitate recovery. This broad combination of habitat restoration and management interventions will enhance fishery production, estuarine water quality, coastal protection, recreational and commercial uses of natural resources, as well as the Gulf’s unique biodiversity. Progress toward these goals will significantly improve the resilience of the Gulf Coast in the face of human-caused and natural disasters. And it will contribute to local economies in at least two ways: Gulf Coast employment in the industries implementing restoration projects and greater use of ecosystem services from a more robust Gulf ecosystem.

In order to change the future of the Gulf and its communities, state and federal governments, NGOs, industries such as seafood and oil and gas, local and regional businesses, communities, and others who value the Gulf – must all come together around a truly comprehensive plan to revitalize and restore it. To be successful, Gulf restoration efforts must engage natural resource agencies, universities, businesses, and private partners from across the region. The nation must commit to an ambitious agenda for restoring the Gulf of Mexico and its adjacent habitats. We must set bold, achievable goals for restoration of the critical habitats that are the source of economic health for so many of its people and this nation.

Building on Existing Efforts
Our approach to Gulf restoration should build on efforts that are already working at the local, state and regional levels. In that way, projects can be efficient and early progress can be demonstrated toward comprehensive restoration goals. A new, more accountable and integrated system of prioritization, coordination and leadership is needed to make progress most effective. A new approach for the Gulf requires six key elements:

(1) Leadership anchored in collaboration;

(2) Protection of coastal economic base;

(3) A comprehensive science-based restoration strategy referencing dynamic baselines and establishing clear goals;

(4) Promotion of new livelihoods in restoration;

(5) Community participation; and

(6) Dedicated funding.

(1) Leadership: A Framework for Collaboration

No single entity or agency at any level of government can successfully resolve the complex and pressing issues facing the Gulf of Mexico. A collaborative partnership is required that incorporates, where possible, existing organizations and clear, high-level accountability.

We recommend that a Gulf of Mexico Environmental and Economic Sustainability Council be established[2]. The primary role of the Sustainability Council would be to create the agenda, evaluate, and coordinate implementation of the many environmental restoration and protection programs being carried out in the Gulf of Mexico by federal agencies, state and local governments, and organizations in the private sector. The Sustainability Council should also serve as the regional planning body under Executive Order 13457 "Stewardship of the Ocean, Our Coasts, and the Great Lakes."

The chair would prepare an annual budget proposal and work plan, to be included in the President's budget submission to Congress, outlining the projects and programs to be implemented by each federal agency under the Restoration Plan (detailed in the next section). The chair's effort would establish accountability, efficiency, and coordination through a central budget directing annual spending of dedicated funds and coordinated appropriations requests.

Three other bodies should be created to support the Sustainability Council.

a) A Science Advisory and Peer Review Group should be established to enhance the integration of science and management – documenting and supporting the programmatic-level science and other research needed to update and implement

[2] These recommendations apply to the recently created Gulf Coast Ecosystem Restoration Task Force in the case that Congress does not act to establish the Sustainability Council.

the Gulf Restoration Plan. One of the first tasks assigned to the Science Advisory Group should be the development of a science coordination plan and recommendations for priority research areas.

b) An Economic Advisory Group should be established under the Sustainability Council to enhance the integration of economic development – documenting and supporting the economic impact and analysis and other research needed to update and implement the Gulf Restoration Plan. One of the first tasks of the Economic Advisory Group should be to establish a baseline of economic data and develop a process to analyze projects for potential job creation and retention. Coordinating economic development strategies with environmental projects can contribute to building a new restoration economy across the Gulf and help diversify the regional economy away from its reliance on extractive industries.

c) A Citizens Advisory Body representing stakeholders from the five states, selected by their peers, should be established to advise the Council on the diversity of interests of coastal communities (see (5)).

(2) Protection of economic base

Restoration of the Gulf must engage local stakeholders and businesses in an effort to create a revenue-generating coastal restoration industry. The BP oil disaster creates a new path forward for a coastal restoration industry to take hold on the Gulf Coast. Thousands of jobs could be created over the next decade if funds are dedicated to large scale restoration of the Gulf Coast. Through public and private financing, utilizing existing resources like the Research and Development tax credit and employment tax incentives, and investing in entrepreneurship, the coastal restoration industry will emerge as a profitable market.

(3) A Comprehensive Gulf of Mexico Restoration Strategy

It is time to reverse the damage to the Gulf, not only from the BP disaster but from decades of degradation, and to bolster the Gulf's resilience by restoring the sources of its strength, health and productivity. A comprehensive Gulf of Mexico restoration plan must include restoration of key coastal and marine areas, innovations in management of biological resources (including deployment of available technologies), and investment in scientific research and long-term monitoring.

Restore Key Coastal and Marine Areas

The bounty of the Gulf of Mexico begins in its bays and estuaries, which are fronted by barrier islands and backed by coastal wetlands and extends into the deeper waters of the marine environment. These are the natural foundations of the entire ecosystem and contain the marshes, sea grasses, fish, mangroves, coral reefs, and other plants and animals that make the Gulf one of the most important and productive places in the nation. Experts point to key bays, estuaries, rivers and marine habitats that contribute to the Gulf's health. Currently, one crucially important area, the Mississippi River Delta is in a state of collapse scientists have said that restoration efforts must start within the next few years or it might be too late to reverse the continuing land loss. Investments in these places can contribute to immediate progress toward recovery and can

demonstrate effective large-scale restoration that focuses on rebuilding habitats and reestablishing natural systems.

Investment in Science and Long-term Monitoring
The comprehensive restoration strategy must also include a long-term environmental monitoring and research program to ensure that all of the restoration measures planned and completed add up to meaningful improvements in ecological functioning at a Gulf-wide scale. Long-term monitoring should be conducted to improve understanding of the overall physical, chemical, biological and ecological conditions of the Gulf of Mexico ecosystem, how restoration is having a beneficial impact on these conditions, and to equip us with the information to make better natural resource management decisions. Additional efforts should be made to examine the socio-economic impacts and needs related to restoration, as well as examining opportunities for job creation in the restoration industry.

The Sustainability Council should base all decisions and prioritization of projects on criteria established in advance and on the best available science, while relying on reviews and recommendations from the Science Advisory, Peer Review Group, and Citizens Advisory Group and applying adaptive management principles. Highest priority should be given to projects that will make the greatest contribution in restoring biological productivity and ecosystem functions in the Gulf of Mexico region, including coastal wetlands and the offshore marine environment.

(4) Promotion of New Livelihoods in Restoration

Restoration of the Gulf must include a plan to empower Gulf Coast residents and businesses, especially those affected by the BP disaster, to take part in the work of restoring the Gulf to protect the economic base, create and retain jobs and investment, and to develop long-term career pathways out of poverty. Providing funds for development strategies in coordination with environmental projects can help build a new restoration economy across the Gulf and contribute to diversification of the regional economy beyond reliance on extractive industries. A critical first step could include setting aside one percent of restoration funds for workforce development projects training a new generation of workers to restore and protect the Coast, in addition to retraining workers impacted by the spill.

(5) Community Participation

Only with the collective judgment and informed counsel of interested, motivated stakeholders will government be effective in restoring and protecting the Gulf. Citizens with knowledge of their communities and region and a direct interest in promoting a more sustainable and resilient Gulf ecosystem – particularly representatives of commercial, charter and recreational fishing, tourism, indigenous and socially vulnerable coastal populations, and conservationists – should have ample opportunities to advise the process and ensure that members of the Council perform their jobs wisely and effectively. This should include forming a Citizens Advisory Group representing stakeholders from the five states, selected by their peers, to advise the Council on the diversity of interests of coastal communities. When millions and even billions of dollars are to be spent toward restoration of publicly owned natural resources and the services those resources provide to people, it is essential that stakeholders are fully engaged in

all significant planning and implementation decisions.

(6) Funding

Sustained, dedicated funding is critical to the long-term conservation of the Gulf. It would be impossible to conduct restoration at the scale required without funding certainty from year to year. Compared to other Great Water Body programs, the Gulf of Mexico has received little direct federal funding. We recommend appropriated funding consistent with the budget prepared by the Sustainability Council. In addition, potential opportunities for restoration have emerged as the result of the BP disaster. If established, funding from these sources should be used to supplement funding for projects and programs recommended by the Sustainability Council. These include:

- *Establishment of a Gulf of Mexico Restoration Fund.*
  A recent poll of Gulf voters showed that more than three-fourths of respondents favor creation of a separate fund for the Gulf region and the Mississippi River Delta that includes penalty payments from BP for violating the Clean Water Act and the Oil Pollution Act. A substantial portion of BP's fines under the Clean Water Act and other federal statutes (potentially including, for example, the Endangered Species Act and Migratory Bird Treaty Act) should be used to jumpstart a Gulf Restoration Fund. (The balance of penalty monies should be used to establish the Gulf of Mexico Endowment described below).

  Even though money from oil-discharge fines may be significant, it will prove insufficient for the sustained funding required to achieve ecosystem-wide restoration in the Gulf. For this reason, we advocate dedicating a share of the increase in per barrel oil and gas taxes currently under consideration by Congress to long-term, Gulf-wide restoration. Previously, costs for large-scale Gulf restoration – before the BP oil disaster – were roughly estimated at $600 million a year for 30 years or longer. This funding could be provided by dedicating $ 0.10 of the proposed increase, should it pass. This dedicated funding will help conserve a resource that provides the nation with a significant portion of our domestic energy supply, along with the natural, cultural and other economic resources upon which we depend.

- *Use of NRDA funding for comprehensive restoration***.**
  The expenditure of Natural Resource Damage Assessment (NRDA) funds should be informed by the comprehensive plan for Gulf of Mexico restoration created by the Sustainability Council that we have recommended. Only then will it be possible to couple restoration funds and projects directed at natural resources directly injured by the BP oil disaster with long-term, ecosystem-wide restoration for both ecological and human benefits.

- *Creation of an endowment for the Gulf of Mexico from Clean Water Act (CWA) fine money to ensure that payments made by BP are not a one-time investment, but rather a sustained source of funding for research to support Gulf recovery and monitoring to assess its status***.**
  We propose that a portion of CWA fines be used to create an endowment for the Gulf of Mexico to be administered by an agency designated by the President consistent with the plans and activities of the Sustainability Council. The

endowment would maintain the money in an account in perpetuity and distribute interest earnings on an annual basis as grants for Gulf ecosystem research and monitoring. The bulk of this money should support the science necessary to understand changes in the Gulf ecosystem and to monitor the effectiveness of restoration projects. A portion of the money should also ensure that the people of the Gulf region have opportunities for workforce training and opportunities for entrepreneurship. The grants could go to state agencies, local governments, nonprofit organizations and universities on a competitive basis. An excellent model for a restoration science endowment is the Gulf of Alaska Ecosystem Monitoring (GEM) program that was implemented with funds from the *Exxon Valdez* oil spill settlement.

- *Reinvestment of Funding from Mineral Resource Development*
  The principle that offshore revenues should be reinvested is not new, but today more than ever we stand witness to the environmental pressures that coastal development creates on our natural resources. To restore, conserve and make these resources more resilient, we propose establishing an Ocean Trust Fund and full funding of the Land and Water Conservation Fund, which by statute is already supported by federal Outer Continental Shelf revenues (distinct from revenue shared with impacted States).

    - *National Ocean Trust Fund*
      We recommend using proceeds from offshore oil and gas leasing to create a $1 billion per year Ocean Trust Fund that would support long term marine and coastal stewardship. Such a fund could sustain a permanent system of marine governance in the Gulf of Mexico and elsewhere that would bring together federal and state agencies to administer research, monitoring, and improved resource management. It would also provide funding for marine conservation and restoration projects.

    - *Land and Water Conservation Fund*
      The Land and Water Conservation Fund (LWCF), first authorized in 1965, is the principal source of federal funding to acquire land for the U.S. Fish and Wildlife Service, National Park Service and U.S. Forest Service, each of which has significant holdings adjacent to and benefiting the Gulf. The LWCF also supports state-based conservation investments throughout the nation.

Acting Decisively to Put in Place Multiple Funding Sources

There are now pending in Congress measures to support Gulf of Mexico restoration by allocating Clean Water Act fines to long-term Gulf restoration, creating an Ocean Trust Fund and providing full and dedicated funding for the Land and Water Conservation Fund. Legislation accomplishing all of this has already passed the House in the form of H.R. 3534. The Senate could, similarly, bring establishment of a Gulf of Mexico Restoration Fund, creation of an Ocean Trust Fund and full funding of the Land and Water Conservation Fund together in landmark legislation that would not only assure restoration of the Gulf of Mexico but would over time assure conservation and restoration of other estuaries and exceptional places all across America. We recommend that the Commission support Congressional action on this agenda. In addition, as mentioned earlier in this document, another funding source could be generated by

dedicating a share of the increase in per barrel oil and gas taxes currently under consideration by Congress.

- *Funding Existing Authorized Projects and Programs*
  In addition, increased funding for components of existing authorizations or programs could contribute to the long-term health of the Gulf. Examples include:

    - Water Resource Development Act
    - Mississippi Coastal Improvements Plan (MsCIP)
    - National Estuary Programs
    - Coastal Impact Assistance Program

The Future of the Gulf

Over the last 100 years, human activities both in the Gulf and in upstream reaches have altered the natural infrastructure – water quality, marshes and the oyster reefs, sea grass beds, mangroves, barrier islands, near-shore environments, and fish populations and their essential offshore habitats. As these places have been degraded, the overall health of the Gulf has suffered. The suffering shows itself in “dead zone” in the Gulf, in depleted and declining fisheries and lost water quality, in disappearing marshes, dying reefs, and disaster-damaged communities.

In more technical terms, the Gulf has lost much of its resilience – it is no longer robust and strong. It has lost the ability to absorb damage and recover its health and now has many underlying health problems that magnify the damage caused by natural and manmade disasters. The oil spill in the Gulf is adding profound insult to what was already dire injury.

The effects of the BP disaster on the communities and ecosystems of the Gulf are tragic and still unfolding. But the crisis of the blowout and oil discharge is bringing renewed focus on the need for a new future for the Gulf of Mexico, one that begins to restore and reverse decades of degradation and decline that have damaged the region. The people and the ecosystems of the Gulf are incredibly resilient, but they need our help. We owe it to them to do everything we can to help restore this valuable ecosystem for the benefit of the Gulf of Mexico region and the nation.

Without decisive action now, it is certain that we will continue to witness decline of one of the world’s most productive seas, erosion of the economy of the region and nation, and increased and profound harms to human communities.