




Gulf Coast Ecosystem Restoration Council
New Orleans, LA 70130

MEMORANDUM

FROM: Ben Scaggs 
Acting Executive Director

TO: Gary M. Fremerman
Senior Counsel
Natural Resources and Environment Division
U.S. Department of Agriculture (USDA)
Chair, Gulf Coast Ecosystem Restoration Council

DATE: February 27, 2017

SUBJECT: Recommendation for Approval of Louisiana State Expenditure Plan

Pursuant to the Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act), the attached State Expenditure Plan (SEP) from the State of Louisiana requires approval or disapproval by the Chairperson of the Gulf Coast Ecosystem Restoration Council (Council) within 60 days after receipt. This 60-day review period officially began on January 23, 2017; the statutory deadline for Chairperson approval or disapproval is March 23.

According to the Council's SEP Guidelines, Council staff is required to review the SEP and make a recommendation to the Chairperson on whether to approve or disapprove it based on the requirements of the RESTORE Act, Department of the Treasury's implementing regulations and the Council's SEP Guidelines.

I have reviewed the SEP and find that it is complete and meets all applicable requirements. Therefore, I recommend that USDA, as Chair, approve the SEP on behalf of the Council. A more detailed explanation of this recommendation is provided below. If USDA agrees with this recommendation and approves the SEP, the attached response letter has been prepared for the Chairperson's signature.

The attached letter would constitute the Chairperson's affirmative vote for the SEP. Pursuant to section 4.3.3 of the Council's Standard Operating Procedures, Council staff will post on the Council's website all deliberative materials (including this memorandum and the Chairperson's unsigned SEP approval letter) at least seven days before formal Council approval of the SEP.

BACKGROUND

The RESTORE Act established the Council as an independent federal entity. Among other duties, the Council is tasked with administering the Spill Impact Component of the RESTORE Act, under which 30 percent of the funds in the Gulf Coast Restoration Trust Fund (Trust Fund) are disbursed to the five Gulf Coast States based on an allocation formula established by the Council by regulation, based on criteria in

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the RESTORE Act. In order for Spill Impact Component funds to be disbursed to a State or their administrative agent, the RESTORE Act requires each State to develop a SEP and submit it to the Chairperson for approval.

Under the RESTORE Act, the Council itself has no role in the creation of SEPs or the design or selection of SEP activities; these actions are undertaken solely by the State members. The RESTORE Act specifies four criteria that SEPs must meet in order to be eligible for funding under the Spill Impact Component, and when a SEP meets these criteria (and otherwise complies with the RESTORE Act and Treasury regulations) the Council has no authority or discretion to reject a SEP, to select or designate alternative versions of a SEP, or to select or designate alternative activities within a SEP. Although the Council must determine whether a SEP has met these statutory criteria, the RESTORE Act does not grant the Council discretion to separately consider external factors, such as environmental impacts, in its statutory review.

In March 2016, the Council updated its SEP Guidelines, which describe the required elements of a SEP, the process for submitting a SEP, and the standards by which the Chairperson will evaluate a SEP. The SEP Guidelines set forth the elements required in a SEP to ensure compliance with the RESTORE Act and applicable Department of the Treasury regulations. The SEP Guidelines reiterate the four statutory criteria that all SEPs must meet:

1. Each activity in the SEP must be eligible for funding under the RESTORE Act.
2. The SEP must contribute to the overall economic and ecological recovery of the Gulf Coast.
3. The SEP must take into consideration the Council's Comprehensive Plan and be consistent with the goals and objectives of the Comprehensive Plan.
4. No more than 25% of the funding made available in a SEP may be used for infrastructure projects for eligible activities 6 and 7 (i.e., coastal flood protection, port and other infrastructure projects), unless a waiver is provided as described in the RESTORE Act.

The Council staff review found that the Louisiana SEP meets all four of the required criteria. The Council staff review also found that it was complete and met all of the other requirements set forth in the SEP Guidelines. These requirements include descriptions of the financial controls and other financial integrity mechanisms that will be used, a description of the process used for preventing conflicts of interest in the development and implementation of the SEP, project-specific information, a certification that all activities in the SEP are based on best available science and otherwise comply with RESTORE Act requirements, and information regarding the public participation process used in developing the SEP.

Pursuant to the SEP Guidelines, all Council members were given 20 days to review the SEP for completeness and consistency with the four statutory criteria described above. Council members were to provide any comments they might have in that regard to Council staff, which in turn would provide them to the Chairperson for his/her consideration in the approval or disapproval of the SEP. No Council member provided comments on the Louisiana SEP.

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The Louisiana SEP, if approved, would provide approximately \$551,500,000 in Spill Impact Component funding to support coastal restoration activities in the State's Coastal Master Plan. The SEP includes four elements:

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

The SEP will need to be amended when funding approval is sought by Louisiana for specific activities in the third element, the Parish Matching Opportunities Program. Each of those specific activities will have to address the elements required in the SEP Guidelines.

Once a SEP is approved, funding for activities in the SEP is disbursed to the respective State via federal grants when such funds become available in the Trust Fund. Funding for implementation activities are disbursed to the State after verification of compliance with all applicable federal environmental and other laws.

Louisiana has developed a SEP that effectively addresses the requirements set forth in the RESTORE Act, Treasury regulations and SEP Guidelines. We look forward to working with Louisiana to help ensure an efficient grants processes for the activities approved in the SEP.

Thank you in advance for your review of this matter. Please do not hesitate to let me know if you have any questions or would like to discuss this matter further. Technical questions regarding the Louisiana SEP can be directed to John Ettinger, of my staff, at (504) 444-3522 or at john.ettinger@restorethegulf.gov.

Attachments

1. Louisiana State Expenditure Plan
2. Draft Letter Approving Louisiana's State Expenditure Plan