



**Testimony to the House Subcommittee on Commerce, Trade, and Consumer Protection**

**RE: "The BP Oil Spill and Gulf Coast Tourism: Assessing the Impact"**

**Hearing: Tuesday, July 27, 2010 - 10:00 a.m.  
Room 2123 of the Rayburn House Office Building**

Good Afternoon Chairman Waxman and Distinguished Committee Members:

My name is Keith Overton and I am the Chief Operating Officer for TradeWinds Island Resorts located on St. Pete Beach, Florida. TradeWinds is the largest beachfront resort on the west coast of Florida.

As Chairman of the Board for the Florida Restaurant and Lodging Association, I have been speaking throughout Florida and here in Washington DC in recent months making sure our State's tourism industry has a seat at the table when it comes to the recovery efforts regarding the BP oil spill, both from an environmental and economic perspective. I also serve on Visit Florida's Board of Directors. Visit Florida is our state's advertising and marketing agency. I will share some concerning data within a survey conducted by Y-Partnership, which I think you'll find helpful in gaining a full understanding of the impacts Florida is facing.

Florida is the vacation capital of the country and has been for generations. When visitors think of "Florida", they envision warm sunshine, blue waters, sugary white sand beaches, fresh seafood and a natural environment like no other.

All of these wonderful characteristics have been damaged as a result of "perceptions" that Florida's beaches are covered in oil.

Tourism in Florida is big business. It's our #1 industry:

- We hosted over 80 million visitors in 2009;
- We captured nearly 17 million vacations taken by Floridians;
- Collectively our visitors spent over \$60 billion on travel last year;
- Generating nearly \$4 billion in sales tax collections;
- What that means is more than 1/5 of Florida's sales tax dollars are paid by our visitors;
- And it also means jobs;
- Nearly a million Floridians are directly employed in travel and tourism.

To give you an example of the economic impact the BP oil spill is having on our hotels, let me quote some statistics from my company, TradeWinds:

- Call volume from potential visitors is down by as much as 25%;

- If you consider our resorts as a benchmark, the losses are staggering and there seems to be no slowing them down in the near-term;
- TradeWinds has 800 of the county's approximate 35,000 hotel rooms;
- When you take the average of our last three years using the same dates which have passed since the oil spill (April 21<sup>st</sup> through June), our two resorts are down by over approximately \$1.7 million dollars in revenue. If you assume the hotels that represent the rest of the 35,000 rooms have experienced similar revenue losses per room, that's over \$70 million dollars in revenues lost in just Pinellas County;
- When you consider the impacts in the Pan Handle and the losses occurring to their inventory of 76,000 hotel rooms, it's easy to see that Florida's tourism industry stands to lose billions;
- Keep in mind these losses don't even consider restaurants, suppliers, retail stores, attractions or other secondary businesses which rely on visitors staying in hotels.

What's most concerning is that all of these losses have occurred to our resorts with not a drop of oil on any of our Pinellas County beaches! The physical impacts on the Pan Handle are almost exclusively isolated to the Pensacola area with modest amounts of oil reaching the balance of the beaches in Florida's Pan Handle.

An excerpt from the Y-Partnership survey conducted on June 18<sup>th</sup> reflects that when participants were asked which states would end up with oil on their beaches before the crisis was over, Florida rose to the top of the list (95%), followed by Louisiana (89%), Mississippi (83%) and Alabama (82%). The complete survey has been submitted to this committee's staff and is available for your review.

I think we can all agree that perceptions since then have gotten worse and that many potential visitors now believe that all of Florida's beaches have been affected.

Prior to speaking on the Neil Cavuto show a couple weeks ago, I was viewing a monitor which was tuned to another news broadcast. Coverage of one of President Obama's visits to Pensacola was being discussed. At that time very moderate amounts of tar balls had actually washed up on Pensacola beaches, but the ticker trailing below the President read, "oil finally reaches Florida's beaches". Behind the President you could see the Gulf waters and then suddenly the television network superimposed oil running down the monitor behind President Obama. This subliminal depiction of our beaches being covered in oil is what the world is seeing at a glance on a regular basis.

I urge this committee to consider and address the following five concerns:

1. The media must be held accountable to accurate and fair reporting of the facts regarding the BP oil spill. They have an ethical and legal responsibility to do so, yet many continue to put ratings ahead of accuracy. I urge you to charge some agency within the Federal Government to review news reporting weekly and address all inaccurate or sensationalized reporting with swift action and appropriate penalties.
2. We all hope the oil leak will remain capped. However, there could still be years of clean-up and recovery efforts remaining. We all fear that claims will cease to be paid prior to the end of our actual losses. Additionally, Kenneth Feinberg's recent comments regarding claims

with BP potentially not being compensable or “legitimate” for our tourism-based businesses, just because actual oil was not on their county’s beaches has everyone very worried. As I stated earlier, only a very small portion of Florida’s Pan Handle has been physically impacted by oil but our state’s losses are in the billions.

We implore Mr. Feinberg and any branch of Government with influence in the claims process to not permit any such approach!

3. I’d also like to make you aware that all of our tourism-based businesses rely on “bed tax” dollars collected on hotel sales by our counties for marketing and advertising. Without these dollars it is impossible to compete with other states and other destinations. Our revenue losses extrapolate to significantly reduced bed tax collections and we must make each county whole based on their respective losses. This is critical to our recovery process!
4. The fishing & seafood industries and our wildlife are critical to tourism and Florida’s economy. Attached is a detailed outline of our concerns in this regard. I urge this committee to influence or obtain appropriate funding to conduct this research and document the immediate impacts of the spill, which is needed to begin to assess the long-term impacts to the Gulf of Mexico fisheries and its wildlife.
5. Lastly, we must continue to spend money on marketing efforts both domestically and internationally. While we are very appreciative of the \$25 million BP provided to Florida for advertising, they also recently turned down Governor Crist’s request for an additional \$50 million. As long as there is media coverage on the oil spill, we must continue to advertise the facts and let people know that virtually all of Florida has been unaffected by oil on its beaches thus far.

Thank you very much for the opportunity to speak with you.



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**FLORIDA  
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## **Support Data for Testimony to the House Subcommittee on Commerce, Trade, and Consumer Protection**

**RE: “The BP Oil Spill and Gulf Coast Tourism: Assessing the Impact”**

### **Oil’s Impacts on Fish and Fish Populations**

Make no mistake. Oil takes a serious toll on fish and wildlife. We can point to the Exxon Valdez spill to get a sense of the devastating ecological and economic impacts of oil on fish, fish populations and fisheries.

In the aftermath of the Exxon Valdez, scientists documented profound physiological impacts in fish. These included reproductive failure, genetic damage, curved spines, lowered growth and body weights, altered feeding habits, reduced egg volume, liver damage, eye tumors and debilitating brain lesions.

Many reef fish species in the Gulf are spawning now or in the coming months and will produce larvae and juveniles that will spend the early part of their lives in coastal, estuarine and/or open water environments. All of these habitats, and the young and adult fish inhabiting them, will be affected by the oil spill.

Fish eggs and larvae are especially sensitive to hydrocarbons and other oil-based contaminants in the water.

Newly settled larvae inhabiting the coastal environment are already vulnerable to high natural mortality at this stage of their life cycle and scientists have documented even higher mortality as the result of oil spills and contamination.

Eggs or larvae, the building blocks of fish populations, killed by oil’s smothering or toxic effects could dramatically impact fish populations in the Gulf for years to come.

### **Oil’s Effects on Fisheries and Fisheries-dependent Economies**

We are already seeing the impacts of the oil spill spread to fishermen and fishing communities and businesses along the Gulf.

NOAA Fisheries, the government agency responsible for managing fish stocks offshore, has closed all recreational and commercial fishing in the areas affected by the spill, totaling nearly 5% of federal waters in the Gulf.

Charter boat operators are receiving calls from clients canceling trips. Local fish buyers and dealers are faced with the growing but false perception that all seafood from the Gulf is unsafe to eat.

Commercial fishermen in the Gulf could lose hundreds of millions of dollars in dockside earnings if their fisheries are closed, the fish species they catch are contaminated or stocks crash because of high mortality from oil contamination.

1. The commercial fishery species/groups that are economically most important in the northern Gulf (LA, MS, AL) and eastern Gulf (FL) are the following (2006 ex-vessel value in millions of dollars):

a. Shrimp	180 (all)	37 (FL)
b. Oysters	40 (LA & AL)	5 (FL)
c. Menhaden	40 (LA & MS)	n/a (FL)
d. Blue crab	32 (LA)	7 (FL)
e. Gag & Red	n/a	18 (FL)
f. Tunas	7 (LA)	
g. Red snapper	4 (LA)	2 (FL)

2. Recreationally the most important species are as follows:

- a. By far, the number one group (several species) is the drums, with nearly 24M retained;
- b. Beyond that, mullets, porgies and Spanish mackerel accounted for between 1 and 2M retained;
- c. Gray snapper, red snapper, king mackerel and gag were next with between .3 and .7M retained.

#### The Gulf of Mexico Shrimp Fishery: What's at Stake?

The looming oil spill in the Gulf of Mexico is a serious threat to the region's shrimp fishery, fishermen and related businesses. Gulf fishermen land roughly \$365 million in wild shrimp, which would be affected directly by oil contamination and through loss of essential near shore and offshore habitat. Brown, white and pink shrimp, the commercial cornerstone of the Gulf shrimp industry, are especially vulnerable to the oil slick right now. These species are likely to cross the path of the slick as they actively move between their inshore nurseries and coastal or offshore habitat in the spring and summer, resulting in high mortality. In addition, the coastal wetlands themselves could be damaged or destroyed by oil or the methods used to remove oil. Without sufficient, healthy marsh and sea grass habitat, shrimp cannot carry out the critical juvenile and sub-adult phases of their life cycle, potentially triggering a crash in shrimp populations and crippling local economies dependent on wild shrimp.

## **Florida Wildlife**

Coastal wildlife will be vulnerable to impacts from oil reaching beaches. Shorebirds and seabirds are in the middle of their nesting season, making them extremely vulnerable to disturbance. Nesting season for sea turtles is just beginning. Pre-impact wildlife assessments are currently being conducted and critical habitats are being identified for protection with booms and barriers by state agencies.

The brown pelican, recently removed from the endangered species list, is of particular concern since they are currently nesting and raising their young along Gulf coastal waterways. An oiled bird may be unable to fly, remain afloat or stay warm. In 2005, roughly 700 brown pelicans died after a smaller oil spill when a storm-damaged drilling platform fouled their nesting grounds at Breton Wilderness Area.

### **Marine mammals and sea turtles in the Gulf, in brief:**

Oil in the water can pose a myriad of problems for sea turtles and marine mammals. The chemical dispersants being used to break up the oil can also be hazardous to ocean wildlife. Both sea turtles and marine mammals must come to the surface to breathe. While marine mammals may be more apt to avoid oil-laden surface waters than sea turtles, large spills, such as the Deepwater Horizon spill, present a significant hazard to both species groups.

The level of harm that oil or chemical dispersants can cause to wildlife depends on what type and how much of the oil or chemical dispersant the animal has been exposed to and for how long it has been exposed to these hazardous materials. Exposure methods include breathing in oil-laden air, ingestion of contaminated water or food and absorption through the skin.

Here is a short list of species typically found in the Gulf of Mexico that could be affected:

- Sea Turtles – there are 4 species of sea turtles found year-round in the Gulf of Mexico
  1. Kemp's Ridley
  2. Green
  3. Loggerhead
  4. Hawksbill
  
- Marine Mammals – There are 22 marine mammal species found in the Gulf of Mexico. Most are pelagic (deep water) species, found in waters greater than 100m (300 ft). Coastal bottlenose dolphins, spotted dolphins and manatees are found closer to shore, in waters less than 100m.
  1. Bottlenose Dolphin (Coastal and Offshore Stocks)
  2. Manatee
  3. Sperm Whale
  4. Bryde's Whale
  5. Cuvier's Beaked Whale
  6. Blainville's Beaked Whale
  7. Gervais' Beaked Whale
  8. Atlantic Spotted Dolphin

9. Pantropical Spotted Dolphin
10. Striped Dolphin
11. Spinner Dolphin
12. Rough-Toothed Dolphin
13. Clymene Dolphin
14. Fraser's Dolphin
15. Killer Whale
16. False Killer Whale
17. Pygmy Killer Whale
18. Dwarf Sperm Whale
19. Pygmy Sperm Whale
20. Melon-Headed Whale
21. Risso's Dolphin
22. Short-Finned Pilot Whale

(The following is from an EPA Office of Emergency and Remedial Response document)

### **Sensitivity of Birds and Mammals**

Where an organism spends most of its time, in open water, near coastal areas or on the shoreline, will determine the effects an oil spill is likely to have on that organism. Aquatic animals such as turtles, seals and dolphins, risk contamination by oil that washes onto beaches or by consuming oil-contaminated prey.

An oil spill can harm birds and mammals in several ways: *direct physical contact*, *toxic contamination*, *destruction of food sources and habitats* and *reproductive problems*.

- *Physical contact* – When fur or feathers come into contact with oil, they get matted down. This matting causes fur and feathers to lose their insulating properties, placing animals at risk of freezing to death. For birds, the risk of drowning increases, as the complex structure of their feathers that allows them to float or to fly becomes damaged.
- *Toxic contamination* – Some species are susceptible to the toxic effects of inhaled oil vapors. Oil vapors can cause damage to the animal's central nervous system, liver and lungs. Animals are also at risk from ingesting oil, which can reduce the animal's ability to eat or digest its food by damaging cells in the intestinal tract.
- *Destruction of food resources and habitats* – Even species which are not directly in contact with oil can be harmed by a spill. Predators that consume contaminated prey can be exposed to oil through ingestion. Because oil contamination gives fish and other animals unpleasant tastes and smells, predators will sometimes refuse to eat their prey and will begin to starve. Sometimes a local population of prey organisms is destroyed, leaving no food resources for predators. Depending on the environmental conditions, the spilled oil may linger in the environment for long periods of time, adding to the detrimental effects. In calm water conditions, oil that interacts with rocks or sediments can remain in the environment indefinitely.
- *Reproductive problems* – Oil can be transferred from birds' plumage to the eggs they are hatching. Oil can smother eggs by sealing pores in the eggs and preventing gas exchange.

Scientists have also observed developmental effects in bird embryos that were exposed to oil. Also, the number of breeding animals and nesting habitats can be reduced by the spill. Long-term reproductive problems have also been shown in some studies in animals that have been exposed to oil.

### **Sensitivity of Aquatic Habitats**

Spilled oil and cleanup operations can threaten different types of aquatic habitats, with different results.

- *Coral reefs* are important nurseries for shrimp, fish and other animals as well as recreational attractions for divers. Coral reefs and the aquatic organisms that live within and around them are at risk from exposure to the toxic substances within oil as well as smothering.
- *Exposed sandy, gravel or cobble beaches* are usually cleaned by manual techniques. Although oil can soak into sand and gravel, few organisms live full-time in this habitat, so the risk to animal life or the food chain is less than in other habitats, such as tidal flats.
- *Sheltered beaches* have very little wave action to encourage natural dispersion. If timely cleanup efforts are not begun, oil may remain stranded on these beaches for years.
- *Tidal flats* are broad, low-tide zones, usually containing rich plant, animal and bird communities. Deposited oil may seep into the muddy bottoms of these flats, creating potentially harmful effects on the ecology of the area.
- *Salt marshes* are found in sheltered waters in cold and temperate areas. They host a variety of plant, bird and mammal life. Marsh vegetation, especially root systems, is easily damaged by fresh light oils.
- *Mangrove forests* are located in tropical regions and are home to a diversity of plant and animal life. Mangrove trees have long roots, called *prop roots*, which stick out well above the water level and help to hold the mangrove tree in place. A coating of oil on these prop roots can be fatal to the mangrove tree. Because they grow so slowly, replacing a mangrove tree can take decades.
- *Marshes and swamps* with little water movement are likely to incur more severe impacts than flowing water. In calm water conditions, the affected habitat may take years to restore.
- *Other standing water bodies*, such as inland lakes and ponds, are home to a variety of birds, mammals and fish. The human food chain can be affected by spills in these environments.
- *River habitats* may be less severely affected by spills than standing water bodies because of water movement. However, spills in these water bodies can affect plants, grasses and mosses that grow in the environment. When rivers are used as drinking water sources, oil spills on rivers can pose direct threats to human health.

## **Damage Assessment of the Tampa Bay Oil Spill: *Travel Cost Method***

(A summary of Chapter 6 in Florida Coastal Environmental Resources: A Guide to Valuation and Impact Analysis)

It may seem difficult to place value upon the many implications that the oil spill may have for Florida's beaches. As we have seen in the past, during the Gulf of Mexico spill when two vessels collided bringing 328,440 gallons of oil to a 13-mile stretch of Pinellas County, there happens to be more than one way to give value to the loss of those marine habitats and recreationally used beaches that are impacted. During an oil spill crisis, not only are the beaches damaged and bunged while being restored, a number of natural resources, species and habitats are damaged as well. In Pinellas County, and in all counties aligning the shore, shore birds are at risk of being overcome by oil, as well as sea turtles, mangrove habitats, submerged sea grass beds, oyster reefs and areas of salt marsh. The implications of the loss of these habitats can have a value placed upon them through an economist's view point. Under CERCLA, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, all natural resources have a value placed upon them and many methods in determining those values. In the 1993 oil spill in Pinellas County, the Environmental Protection Agency along with the Federal Government used the random utility model to determine the recreational value of the Treasure Island beach that was closed. By using the travel cost analysis, they were able to sue the vessels responsible for the spill once they determined the personal utility cost of being unable to use those beaches, which was \$2.5 million. Potentially, as a result of this 1993 Gulf of Mexico oil spill, Florida will be able to calculate the value for the loss of our tourism as well as the environmental value of sea grass beds to water quality and the oyster beds to the filtration of the Gulf. One outcome of this past spill is that there are now opportunities to place value on the resources that are inherently invaluable.

Top-line talking points on data collection and monitoring:

- Now is a critical time to act and make certain natural resource managers have sufficient resources to establish the necessary ecological baselines and to track the immediate impacts of the oil spill on both the near shore environment and the extensive fisheries resources in the Gulf of Mexico. In addition, we need to ensure that BP is held responsible for their actions and impacts on our coastal resources and that fishermen and fishing communities are made whole.
- We need fishermen to help collect information now to establish the environmental baselines and then their long term assistance for monitoring projects on water and sediment quality, marine habitats and fish populations.
- Unfortunately, the problem will not stop when the oil does and in addition to funding to assess the immediate impacts of the spill, funding is needed to begin to assess the long term impacts of the spill.
- Managers will need the most comprehensive and timely data available to better understand the impacts of the spill on the fisheries and to be able to respond quickly to new data. In addition to timeliness, long term and consistent data is needed to determine chronic impacts from the spill on fisheries and coastal resources. This includes:

- Expanded stock assessments of both state and federally managed species
- Fisheries dependant data collection - this offers opportunities to engage and employ fishermen to collect critical information on the health of the fish
- Fisheries independent data collection to assess population wide impacts
- Improved and modernized data collection systems for recreational fisheries