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Testimony

Before the Senate Commerce Committee

Science and Transportation Committee

Hearing on "Revitalizing the Economy of South Louisiana: Empowering the Region for
Recovery and Growth"

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New Orleans Supreme Court Chambers

400 Royal Street @ 9:00am

I am Ewell Smith and serve as Executive Director of the Louisiana Seafood Promotion and Marketing Board. Representing over 16,000 commercial fishermen, the Board markets the state's commercial seafood products both to consumer and trade.

Louisiana seafood industry primarily is made up of five different sectors: shrimp, oysters, crawfish, blue crabs and finfish*. Louisiana is second only to Alaska in total seafood landings, while we lead the nation in shrimp, oysters and crawfish production. Louisiana's seafood industry is the fuel that drives the restaurant and tourism industries with over \$2.8 billion in retail sales.

Prior to Hurricanes Katrina and Rita, our seafood industry was struggling with high fuel prices and imported products being dumped in our marketplace.

Hurricanes Katrina and Rita have impacted our industry in ways unimaginable. Three of the six largest docks in the US by landings are in Louisiana: Empire, Venice, and Cameron; the infrastructure in these areas is completely destroyed.

As a whole, our fishing communities east of the Mississippi River are out of business. There are no docks to land the product, no ice houses, no fuel, no electricity, no cold storage, no marinas, no bait and tackle shops, no communities meaning no welders, no mechanics, no deckhands and on. West of the Mississippi our shrimping industry lost its two largest shrimp docks.

Seventy percent of the Wholesale/Retail Seafood Dealers licensed in Louisiana are based in the parishes impacted by Hurricanes Katrina and Rita. Our oyster industry is at 40%. The crops for finfish, shrimp, and crabs are strong; however current estimates are approximately 15 to 25% of our fleet across the state is actually fishing - over 3000 commercial vessels are on land where they don't belong. Even though the resource is strong, this may be a false positive. The marches wash away during the hurricanes releasing nutrients which help the crops flourish so for those few who can fish now are doing well; but next year will be uncertain for 100 square miles of our marshes have been lost – areas that are needed for our resources to grow. Between Katrina and Rita, we lost more marshland in less than a month than we were projected to lose over the next 45 years.

We have also what I call the Crisis on top of the Crisis. More than likely you saw the “dewatering of New Orleans” on TV and the press labeled our waters “Toxic Soup” killing seafood sales across the board. We have fought this battle vigorously working with DHH, DEQ, LSU Food Science, FDA, and NOAA and the good news is there are no toxins in the water the seafood is safe to consume. However the damage is done; we will fight this seafood safety challenge for the foreseeable future. The double whammy for our industry is that Wildlife and Fisheries had already estimated a loss of over \$2.2 billion dollars in retail sales just from of the damage of the hurricanes much less the perception challenge.

One final issue our industry is dealing with is labor shortages. Existing labor is going to relief workers making \$15 hour cash or you may have heard that Burger King was paying \$8.50 and hour plus a SIX thousand dollar signing bonus. Processing plants are losing the workers they did have to these wages and can't find other to fill in.

So where do we begin?

- The first issue is the fishermen!!
- Rebuild fishing communities! Without them nothing else matters!! Provide funds to fishermen, seafood vessel owners, oyster farmers.
- Help the fishermen get their boats back in the water as soon as possible and put them to work clearing the waters of debris.
- We need to rebuild the infrastructure as soon as possible (boats, docks, fuel, icehouses, cold storage, marinas, bait and tackle shops, oyster reefs and on)
- We need to rebuild markets lost through marketing and promotions
- Rebuild our coastlines to save lives

In closing it is my understanding that this committee will be taking a helicopter tour today. Seeing the damage from the air will not suffice and I urge you to land in the affected areas and see up close and personal the devastation. Once you see this devastation you will understand the funds requested outlined in the full written testimony are just enough to get the industry going on the path to recover. I would like to thank all of you for taking the time to understand our challenges and opportunities.

* Finfish: tuna, shark, mullet, black drum, menhaden, snappers, groupers, etc.

Below is information provided by the Louisiana Department and Wildlife and Fisheries.

The Louisiana Department and Wildlife and Fisheries estimates that storm related fisheries losses at the retail level could exceed \$2 billion over the next year. The latest estimates combine \$981 million in production losses for parishes affected by Hurricane Rita with the \$1.29 billion losses projected for areas damaged by Hurricane Katrina for a total of \$2.27 billion. That number represents 80 percent of the total commercial and recreational retail harvest values in 2003, based on sales levels of \$2.85 billion.

Summary: Preliminary Louisiana fishery losses caused by Hurricanes Katrina and Rita (10/12/2005)

Hurricane Katrina affected Orleans, Jefferson, St. Bernard, Plaquemines, St. Tammany, Tangipahoa, Livingston, Ascension, St. James, St. John the Baptist, St. Charles, and ½ of Lafourche parishes.

Hurricane Rita affected ½ of Lafourche, Terrebonne St. Martin (for 6 month each), Assumption, Iberville, Point Coupee, St. Landry, Acadia, Avoyelles, St. Mary, Iberia, Jefferson Davis, Vermilion, Calcasieu, and Cameron (for 12months each) parishes.

Category	Potential direct loss of available resource	Potential direct loss of available resource	Potential direct loss of available resource
	Hurricane Katrina	Hurricane Rita	Total
Crab	N/A	N/A	N/A
Freshwater Fish	N/A	N/A	N/A
Oysters *	\$ 206,811,000	\$25,103,235	\$231,914,235
Saltwater Fish**	N/A	N/A	N/A
Shrimp	N/A	N/A	N/A
Wild Crawfish	N/A	N/A	N/A
Recreational Fisheries	N/A	N/A	N/A
Freshwater Fish Loss	N/A	\$ 7,323,128	\$7,323,128
Total	\$206,811,000	\$32,426,363	\$239,237,363

Category	Potential production loss at dockside	Potential production loss at dockside	Potential production loss at dockside
	Hurricane Katrina	Hurricane Rita	Total
Crab	\$12,297,617	\$ 10,264,261	\$22,561,878
Freshwater Fish	\$ 189,019	\$ 2,859,492	\$3,048,511
Oysters *	\$ 44,577,072	\$ 12,374,438	\$56,951,510
Saltwater Fish**	\$ 25,887,471	\$ 27,428,103	\$53,315,574
Shrimp	\$ 81,054,864	\$ 57,198,057	\$138,252,921
Wild Crawfish	N/A	\$ 4,166,514	\$4,166,514
Recreational Fisheries	N/A	N/A	0
Freshwater Fish Loss	N/A	N/A	0
Total	\$164,006,043	\$114,290,865	\$278,296,908

Category	Potential Production	Potential Production	Total potential production losses at retail level
	Losses at Retail Level	Losses at Retail Level	
	Hurricane Katrina	Hurricane Rita	
Crab	\$ 81,776,427	\$ 68,255,059	\$150,031,486
Freshwater Fish	\$ 1,256,934	\$ 19,014,988	\$20,271,922
Oysters *	\$ 296,427,648*	\$ 82,287,284	\$378,714,932
Saltwater Fish**	\$ 172,145,944**	\$ 182,390,804	\$354,536,748
Shrimp	\$ 538,996,879	\$ 380,354,398	\$919,351,277
Wild Crawfish	N/A	\$ 27,706,395	\$33,691,720
Recreational Fisheries	\$ 199,517,744	\$ 221,383,678	\$420,901,422
Freshwater Fish Loss	N/A	N/A	N/A
Total	\$ 1,290,121,576	\$981,392,606	\$2,271,514,182

* Oyster losses are for two (2) years.

** Includes Gulf Menhaden

S1765 FEDERAL APPROPRIATION REQUEST

RATIONALE AND RECOVERY IMPLEMENTATION SUMMARY

Fisheries Disaster Assistance - Hurricane Katrina: \$134 million
Hurricane Rita: \$114 million

This request is based upon the estimated production loss in terms of dockside value for crabs, shrimp and saltwater fish excluding menhaden for a twelve month period and oyster production over a twenty-four month period. This estimate uses LDWF trip ticket landings and value data averaged over the past five years (2000-2004) from the impacted parishes. In consideration of the damages and loss of infrastructure supporting these fisheries, we have estimated a minimum of one year for most coastal areas before significant harvest resumes.

Since 1999, the LDWF has maintained trip ticket report records which in addition to dealer and fisherman names and license numbers, transaction date, area fished, trip length, etc. capture information on the species, amount and value of seafood products landed and sold to wholesale/retail seafood dealers and retailed to the public by individual fishermen. With the support of the Louisiana shrimp industry, the LDWF has successfully used its trip ticket data to identify and qualify shrimp fishers for direct financial assistance payments under U.S. Department of Commerce NOAA Grant NA03NMF4520310 administered by the LDWF. Trip ticket data could be again used to identify eligible fishers and vessel owners for potential distribution of replacement dockside values.

Under direct lump-sum grants, the LDWF could use trip ticket data to form the basis of identifying and certifying Louisiana harvesters and vessel owners qualified to receive potential direct grants. The data base could be used to partition these grants into tiers or levels linked to reported individual landings histories. Grants to harvesters and vessel owners could be used as direct assistance for personal needs or to repair and/or replace damaged vessels, fishing and navigational equipment.

Menhaden Fisheries Recovery - Hurricane Katrina: \$14 million

Hurricane Rita: no separate request for menhaden

This request represents 30% of the average annual dockside value of the Gulf menhaden landings over the last 5 years. A menhaden plant in Plaquemines Parish was severely impacted by Hurricane Katrina. They report that they land about 30% of the total Gulf menhaden landings. Using information from a recent LDWF economic impact study, they estimate that their total economic benefit to Louisiana is \$155 million, with \$116 million in retail sales, \$25 million in wages and earnings, \$17 million in total landings. The plant was flooded with several feet of water, and the fleet of 11 boats was beached. Based on a report published by the company, they employ approximately 270 personnel, mainly in Plaquemines Parish.

Funding could be applied toward uninsured losses of the facility, vessels or fishing equipment. It could also be used to support personnel and infrastructure needs while harvest vessels boats and processing plant were refurbished.

Fisheries Infrastructure Recovery - Hurricane Katrina: \$154 million

Hurricane Rita: \$114 million

This request is based on the average annual (2000-2004) dockside value of all commercial species harvested within the affected parishes and the estimated costs to replace boat launching facilities in these areas. The infrastructure within the impacted area appears to have been totally destroyed. We estimate that there will at minimum be a need for investing at least one year of dockside value into rebuilding at least some infrastructure components. Infrastructure losses include lost or damaged vessels, docks, ice plants and processing facilities but also include cold storage facilities, boat ramps, launches, marinas, bait and tackle shops. Seventy percent of the Wholesale/Retail Seafood Dealers licensed in Louisiana are based in the parishes impacted by Hurricanes Katrina and Rita, as are 79% of the licensed commercial fishers.

Funding could be used by NOAA to fund grants that help local governments who own ramp facilities restore them. In the same way, monies may also be used to help local governments and private interests provide emergency services to set up temporary dock facilities including fuel and ice docks, unloading facilities, and fishing equipment and supply stores which will enable local fishers to begin landing their catches as soon as they are able to fish again.

The Department maintains a directory of Louisiana licensed charter vessels used to conduct dockside and telephone interviews and develop estimates of fishing effort and recreational harvest from that sector. The granting process would use the data in the directory to identify vessel owners/operators who would be potentially eligible to receive direct grants for losses of vessels and other facilities. Other facilities could include live bait holding tanks, land-based or houseboat overnight accommodations for clients and possibly other land-based infrastructure necessary for the rehabilitation of the charter industry in the affected parishes.

Louisiana Oyster Recovery - Hurricane Katrina: \$94.25 million

Hurricane Rita: \$10 million

The reef rehabilitation request was derived from estimates of the value of lost reef habitat using pre-storm and post-storm surveys of oyster mortality and the benefit to costs ratios of past rehabilitation projects using federal grant funding in response to past hurricanes by combining estimates of oyster reef acreage from both the public oyster seed grounds and private oyster leases.

The LDWF would utilize rehabilitation funding to enhance oyster habitat by contracting and planting cultch material such as limestone, recycled oyster shell, or crushed concrete over suitable supporting bottom substrates within the impacted public seed grounds. Based upon the percentage difference between impacted oyster reefs on the public seed grounds and private oyster leases, approximately \$29.5 million of the \$104.25 million requested for reef rehabilitation would fund rehab efforts on the public seed grounds with \$66.2 million used to fund rehab efforts on private leases. Using federal grant funding, the LDWF has completed a number of projects such as these and all have proven to be highly successful with benefit to cost ratios ranging as high as 16:1, but averaging around 10:1. The value of lost reef habitat was estimated at nearly \$960 million following Hurricane Katrina. With a benefit-cost ratio of 10:1, it is estimated to take a 10% rehabilitation effort to replace the value of the lost habitat. Therefore, the \$96 million used to rehabilitate reef habitat on both public grounds and private leases is anticipated to yield a future return of the \$960 million worth of reef habitat lost to the storm. Private oyster lease holders could employ similar habitat enhancement efforts but may choose to use funding to cleanse their reefs by towing sediment removal devices such as bag-less oyster dredges over them. Federal funds were used following Hurricane Andrew to compensate oyster lease holders for expenses associated with cleansing their own oyster leases. Funding would also be used to resurvey and mark all oyster leases within the impacted area. In addition, funds would be used to replace an existing oyster hatchery which was located on Grand Isle and totally destroyed by Hurricane Katrina and to repair, replace and modernize LDWF oyster lease survey equipment and facilities, allowing more efficient services to this user group.

Louisiana Marine Research Recovery -
million

Hurricane Katrina: \$14

million

Hurricane Rita: \$0.4

The Marine Fisheries Division suffered losses or damage at most of its coastal facilities:

- The Slidell field facility was totally destroyed as it was in the path of hurricane force winds. The structure, boats, and equipment were destroyed.
- The New Orleans leased office is located in the Central Business District, near the interstate. The offices were not flooded beyond the first floor, however, floors above that lacked power for a month and records, equipment, and office equipment were damaged by heat, humidity, and mold and the building still remained closed as of November 7th.
- The field facility at Pointe a la Hache was totally destroyed, as were the vessels and equipment stored there.
- Most buildings at the Marine Laboratory on Grand Terre Island were destroyed.
- The field facility at Sister Lake, a designated public oyster seed ground was damaged by Hurricane Rita.

Monies appropriated would be used to replace and repair these coastal facilities. All of Louisiana's fisheries require intensive monitoring and assessment to ensure that management programs and practices are effective in ensuring recovery.

Seafood Marketing - \$35 million

As a result of extensive media coverage of the aftermath of the flooding of New Orleans following Hurricane Katrina, public perception about the wholesome nature of seafood from the affected areas has been damaged. Although no additional fishery closures beyond the precautionary closure of oyster growing areas have been implemented, and although ongoing tissue assays of fish and crustaceans taken from area waters have shown no levels of concern for potential contaminants; local, regional and national markets for Louisiana seafood have been severely impacted by both product availability and public perceptions concerning seafood safety. These monies would be spent on promotional and marketing campaigns aimed at recapturing lost and developing new markets, enhancing quality assurance and certification standards and assuring national confidence in the continued safety of Louisiana seafood.

Louisiana License Renewal - Hurricane Katrina: \$14 million

Hurricane Rita: \$2.5 million

This request is based upon the costs of recreational and commercial fishing licenses purchased within the impacted area for a two-year period, oyster lease rental fees over a two-year period and oyster lease renewal fees over the full renewal period. One way for the state to keep the public engaged in fishing, both commercial and recreational, is to forgive fees for licenses for two years. Seventy-nine percent of commercial fishing licenses were issued in the parishes impacted by Hurricanes Katrina and Rita. In addition, about 369,500 recreational licenses were sold in those parishes, and all of the state's privately held oyster leases are also located in those impacted parishes. This appropriation would provide licenses and leases to affected fishers and lessees for two years. The state has approximately 400,000 acres of water bottoms under private lease for oyster cultivation. The monies would cover the annual lease rental for 2 years and associated costs of oyster lease renewals.

Fisheries Habitat - Hurricane Katrina: \$5 million

Hurricane Rita: \$5 million

Nursery habitats include coastal wetlands, grass beds and beach foreshores. Monies could be expended as grants to survey, assess damage, and rehabilitate these habitats in the affected areas. Addition of hard structures may provide important habitat for some species. Additional funds could be used to coordinate Department priorities for fish and wildlife resources with other State and Federal priorities regarding coastal restoration, such as flood protection and navigation.

Subtitle L-Department of the Interior

Freshwater Fisheries Recovery - Hurricane Katrina: \$2 million

Hurricane Rita: \$5.3 million

Numerous freshwater water bodies in southeast Louisiana experienced fish kills due to saltwater intrusion and poor water quality. Additionally, most of the water bodies designated as Gulf Sturgeon (a federally list fish) critical habitat in Louisiana were significantly impacted by Hurricane Katrina. The Mermentau River, prime paddlefish habitat, also experienced fish kills following Hurricane Rita. Another species of fish, the Rio Grand Cichlid, is an exotic, invasive species of fish that can replace native fish. Although its range was slightly expanding each year, it was limited to only several water bodies. Katrina may have further expanded the range of this fish. The Department's fish hatcheries near Lacombe, Woodworth, and facilities near Beechwood were damaged by the hurricane and the fish in the ponds were lost. Hurricane Rita spread common *Salvinia* and possibly giant *Salvinia* to areas throughout coastal Louisiana. Additional spray efforts with relative expensive herbicides will be made in an effort to control. Boating access has been greatly reduced in the impacted areas due to downed trees, residential debris and the spread of aquatic vegetation.

The Department proposes designing and implementing monitoring programs to determine the impact to freshwater fish, including Gulf Sturgeon, paddlefish, and the spread of Rio Grand Cichlids. Results from these studies will assist the Department in determining what management options may be necessary. Options may include habitat modifications, fish stocking, fish eradication (for exotic species) and management regulations. Boating access in rivers will be improved by removing fallen trees and other debris. We will expand our spraying activities in impacted areas to reduce nuisance aquatic vegetation.

USGS Reports Preliminary Wetland Loss Estimates for Southeastern Louisiana from Hurricanes Katrina and Rita.

Hurricanes Katrina and Rita transformed some 100 square miles of marsh to open water in southeastern Louisiana, according to preliminary estimates by U.S. Geological Survey (USGS) based on an analysis of Landsat satellite data from September and October.

Future observations of Landsat imagery over the upcoming year will allow scientists at the USGS National Wetlands Research Center (NWRC) in Baton Rouge and Lafayette, La., to determine how much of the loss is permanent and how the marsh recovers. Although this early analysis of wetlands does not take into account some marsh recovery, indications are that much of the loss may be permanent. Some of the new areas of open water will likely become new lakes.

Most of the loss east of the Mississippi River is attributed to the effects of Hurricane Katrina's storm surge, although Hurricane Rita's surge appears to have rearranged some of the wrack, or marsh debris, left behind by Hurricane Katrina in the upper Breton Sound area.

Substantial marsh loss, primarily from Katrina, occurred east of the Mississippi River in St. Bernard and Plaquemines parishes. Approximately 39 square miles of marsh around the upper and central portions of Breton Sound were converted to open water by ripping of the marsh or by marsh submergence. Large compressed marsh features several thousand feet long are evident in Breton Sound. Most of the loss was concentrated in an area bounded by the Mississippi River levee to the west, the Delacroix Ridge to the east, and State Highway 300 to the north. Follow-up imagery and aerial photography will be used to determine if some of the submerged marshes reemerge over time.

An additional 47 square miles of marsh were lost throughout the Pontchartrain, Pearl River, Barataria, and Terrebonne basins. The active Mississippi Delta also incurred approximately 14 square miles of loss. The lower Pearl River basin contains numerous marsh rips south of Highway 90.

Direct impacts from Hurricane Rita were not as severe as Hurricane Katrina's impacts in southeastern Louisiana. For example, rips in marshes from Rita were not nearly the size of rips from Katrina in upper Breton Sound although they are noticeable in the Barataria and Terrebonne basins. Rita's surge caused new tears in fresh and intermediate marshes within Barataria and Terrebonne basins and reactivated older hurricane scars attributable to Hurricane Lili (2002) in western Terrebonne and the East Cote Blanche Bay area.

Rita's surge caused detectable marsh loss west of the Mississippi River to the Texas border that could not be attributable to Katrina based on analysis of satellite imagery obtained a week after Katrina's landfall, but prior to Rita's landfall.

Now that the compounded effects of the storms on southeastern Louisiana have been analyzed, NWRC scientists are analyzing Landsat imagery to quantify Rita's impacts in southwestern Louisiana.

To perform satellite analysis, USGS scientists in Louisiana used remote sensing technologies and geographic information systems. They compared land and water areas identified by using Landsat 5 Thematic Mapper satellite imagery. Landsat data from November 11, 2004 were compared to data acquired on September 7, 2005, September 16, 2005, October 9, 2005, October 18, 2005, and October 25, 2005 to identify potential wetland loss.

The imagery was collected by the USGS National Center for Earth Resources Observation and Science in Sioux Falls, S.D.

The USGS serves the Nation by providing reliable scientific information to describe and understand the Earth; minimize loss of life and property from natural disasters; manage water, biological, energy, and mineral resources; and enhance and protect our quality of life.