



**Findings From the
Gulf Coast Recovery Summit**

September 15, 2010

Overview

In the wake of the BP oil spill in the Gulf of Mexico, the Florida Association of Counties convened the 2010 Gulf Coast Recovery Summit to gain insight into the current environmental and economic conditions impacting the state. Emphasis was placed on not only addressing the immediate recovery needs of Florida's residents, businesses and environment, but also on developing priorities for ensuring a sustainable, complete economic and environmental recovery for the state. The stated goal of this forum was:

To establish an ongoing commitment by BP, federal & state authorities to provide the resources needed for a complete recovery for Florida, while also ensuring local community leaders have the information necessary for ongoing response efforts and to develop comprehensive plans for full economic and environmental recovery.

The group of participants included federal, state and local officials as well as other guest from the public and private sectors. A team of presenters provided updates on a broad range of topics associated with the spill and the associated recovery efforts. Agencies/institutions represented in the presentations included:

- British Petroleum
- Governor's Economic Recovery Task Force/Florida Office of Tourism, Trade and Economic Development
- Department of Commerce/National Incident Command's Economics Solutions Team
- Haas Center for Business Research and Economic Development, University of West Florida
- Beaches of South Walton Tourist Development Council
- Visit Panama City Beach
- Pensacola Bay Area Chamber of Commerce
- Florida Shore and Beach Preservation Association
- Florida Fish and Wildlife Conservation Commission
- Florida Department of Environmental Protection
- Santa Rosa County Property Appraiser's Office
- Walton County Property Appraiser's Office
- Bay County Property Appraiser's Office
- Florida Department of Health
- Florida Department of Children and Families
- Florida Association of Counties
- Florida Office of the Attorney General
- Escambia County Attorney's Office

To initiate a coordinated, statewide plan for economic recovery, the summit format was designed to: 1) facilitate a comprehensive discussion of coordinated spill response efforts; 2) identify short- and long-term regional needs; 3) develop strategies to ensure a complete recovery from negative effects, and 4) submit recommendations for recovery response improvement and sustainability.

The following is a summary of findings from the topical areas discussed at the summit.

Economic Outlook

Dr. Rick Harper, University of West Florida, presented findings from an analysis focused on the economic impact of the BP spill. Key findings included:

- Northwest Florida has highest share of tourists in the state who cite waterfront activities as the primary reason for visiting the area.
- The visitor industry is the largest taxable sector of the economy in this area, exacerbating the economic impact to businesses and residents.
- Oil spill-related reductions in tourism sales also reduce spending in other sectors not specifically related to tourism. The fiscal impact of the reduction in revenue cascades through the regional economy at all levels.
- The overall economic impact of the spill is not yet known due to the potential for ongoing reductions in revenue.
- The expected 2010 economic recovery in Northwest Florida was negated by the reduction in tourism caused by the spill.

Governor's Economic Recovery Task Force

Chris Hart, Office of Tourism, Trade and Economic Development, discussed the complex process of evaluating and addressing spill-related issues and provided an update of task force activities to date, including:

- Governor Crist created the Governor's Economic Recovery Task Force to investigate and address economic issues associated with the BP spill.
- The task force is divided into Communications, Claims, and Economic Impact Assessment working groups to address specific issues.
- The task force is compiling economic baseline comparison data to inform decisions on statewide recovery response.
- A coordinated process is being developed for submitting state and local claims to BP and federal agencies.
- The task force created an operational cycle which includes: 1) crisis stabilization activities, 2) development of claims processes, and 3) economic recovery efforts.

BP Gulf Coast Recovery

Ray Dempsey, Vice President for BP, discussed activities of the BP Gulf Coast Economic Recovery Organization, which is dedicated to coordinating efforts associated with disaster response and economic remediation. Key activities include:

- BP has been working closely with the Unified Command Structure to coordinate cleanup activities and to complete the final stages of “killing” the well.
- BP created the Gulf Coast Restoration Organization, which is focused on transitioning from disaster response to environmental and economic restoration.
- BP assigned team leaders to coordinate restoration efforts in the five impacted states (Alabama, Florida, Louisiana, Mississippi and Texas).
- BP is currently investing in environmental impact studies of the Gulf to determine overall impact and rehabilitation strategies.
- BP is actively refining and accelerating the claims process, which has paid out over \$300 million in Florida alone.
- BP is working to restore the reputation of Florida and the Panhandle as part of its recovery responsibilities.

Federal Recovery Plans

Edward Smith, Department of Commerce/Special Advisor to the National Incident Command's Economics Solutions Team, provided an overview of the federal response, including:

- The National Incident Command created multidisciplinary teams to address a wide range of recovery issues.
- The teams are working closely with state and local officials to collect information and develop strategies for effective response.
- Information on current status is collected and communicated directly to the White House via periodic conference calls.
- The team is stressing regionalism and diversification as critical to the effective economic recovery of the State.

Tourism

Tourism officials discussed the overall reduction of tourists, and associated tourism revenue, on the impacted region. Among the findings were:

- The impact of the oil spill is more complex than that of a hurricane, with lasting effects to tourism that include a loss of esteem resulting from perceived damage to beach quality. Residual uncertainty continues to negatively impact tourism even though the area received minimal effects from the oil.
- Coordinated regional planning is needed to counteract the results of the spill. Among the critical needs are:
 - Collaboration is needed among impacted regions to ensure effective recovery activities.
 - There is a need for expansion of “shoulder season” opportunities designed to bring in visitors beyond peak tourism periods.
 - An opportunity exists to exploit national awareness of the region, produced by media attention to the spill, to promote tourism.
 - Northwest Florida should leverage its brand recognition to combat widespread misconceptions of environmental impact to the region.
 - A comprehensive beach protection plan is needed to protect the sustained viability of coastal attractions.
 - Recovering lost bed tax revenue via the BP claims process is essential to the sustainability of much of the tourism sector.
 - BP should provide grant funding for large-scale awareness campaigns directed at communicating the lack of substantial impact from oil.
 - Funding should be provided to insure against the ongoing costs of testing and mitigating impacts to area sand sources.

Economic Development

Economic Development officials from the region discussed strategies needed to promote economic recovery and sustainability in the wake of the oil spill. Among the needed activities are:

- Northwest Florida should initiate an aggressive marketing campaign directed at companies to promote industries beyond tourism.
- The region should work closely with workforce development centers to train and place residents impacted by the spill and its residual effects.
- The State should establish a regional closing fund to aid in the diversification of the Northwest Florida economy.

- Surveys of industries are needed to determine economic expansion opportunities and to provide key data for supporting the development of new business and industry.
- Comprehensive evaluation of supply chain issues impacting the region is needed to identify strength and weaknesses.
- The development of regional collaboration among tourist development councils will strengthen the marketing efforts of the region and will eliminate unnecessary competition.
- Diversification and sustainability strategies are needed to promote ongoing economic success in the region.

Environmental Issues

Officials from the Florida Shore & Beach Preservation Association and the Florida Fish and Wildlife Conservation Commission facilitated a discussion on environmental impact and response. The following findings were provided:

- The Florida Shore & Beach Preservation Association has created a process for addressing beach quality issues and is closely monitoring cleanup activities.
- Local plans for beach nourishment should reflect the total remediation need. This is critical when accounting for potential future impact to Gulf Coast beaches.
- Due to the potential for oil contamination on the floor of the Gulf of Mexico, current offshore sand source borrow areas will require additional quality testing. The cost of preliminary testing is \$110k-\$200k. If contamination levels exceed EPA standards, follow up testing is more costly. Impacted areas account for these costs in funding requests.
- Gulf seafood is available and safe. Extensive testing of water and seafood quality is ongoing, without significant findings. Most Federal waters are open for fishing.
- There has been no direct, immediate impact on the Gulf fish population. Mistaken perception of tainted Florida fish and waters is the key impact.
- Long-term marketing campaigns should continue to promote the fact that Florida waters and seafood are clean and safe.

Environmental Response Maintenance

Officials from the U.S. Environmental Protection Agency and the Florida Department of Environmental Protection discussed the ongoing monitoring of potential oil contamination in Florida air, water and soil. Some of the key findings were:

- EPA and DEP air and surface water monitoring show no negative impact on quality in extensive testing.
- Sediment samples from the region did not exceed EPA health benchmarks.
- Ongoing subsurface water sampling began in May with no substantive negative findings to date.
- Natural Resource Damage Assessment protocols are in place which focus on: 1) a preliminary assessment of environmental damage, 2) an overall injury assessment, with associated restoration planning, and 3) restoration implementation activities.
- The agencies are monitoring potential impacts to the Gulf Coast of Florida, which include:
 - Loss of service
 - Impact on beach habitat
 - Impact on dune and coastal habitats
 - Impact on seagrass
 - Impact on offshore sand resources
 - Impact on wildlife
- The Florida response maintenance/recovery framework focuses on the following activities:
 - Coordination within the response framework
 - Transition from disaster response to recovery
 - Accurate assessment of overall environmental impact
 - Identification of end points for response

Property Value Impacts

Regional property appraisers presented information on the current status of coastal property values. Some of the key findings were:

- There is no physical impact on Bay County property.
- There is no substantial impact on property values to date in Walton County.
- Santa Rosa County is currently evaluating impact on property values.

Public Health

Officials from the Florida Department of Health and the Florida Department of Children and Families detailed some of the concerns and activities associated with the BP spill. These are:

- Potential health issues include exposure to contaminated air, water and sand; however, there have been no significant findings to date.
- There have been few health surveillance reports indicating health issues resulting from spill-related contaminants.
- All findings to date indicate that Gulf seafood and beaches are safe.
- A majority of the oil product appearing on Florida beaches is in the form of tar balls, which carry a very low exposure risk.
- Seafood safety concerns are minimal due to the fact that oil contaminants are rapidly cleared by fish and do not typically accumulate over time.
- Long-term physical health studies are being funded in the region, including a 10-year \$500 million BP research initiative focusing on the Gulf Coast region, and a study being funded by the National Institutes of Health.
- Behavioral health issues that could be attributed to the oil spill and the economic results range from anxiety and alcohol/drug abuse to clinical maladies, such as Post Traumatic Stress Disorder.
- State and local organizations are collaborating to determine behavioral intervention needs.
- Florida has received \$3 million in federal funds to address behavioral health issues.
- Any legislative barriers to addressing long-term health concerns should be identified and removed.

Legal Issues

Attorneys from the Florida Association of Counties, the Florida Office of the Attorney General, and impacted counties addressed legal issues resulting from the spill, including:

- A legal framework for addressing oil spills exists through the Oil Pollution Act of 1990 and Chapter 376 Florida Statutes; however, there are few experts who have dealt with the associated legal issues.
- All costs/losses associated with the oil spill are subject to BP and Federal Recovery Fund claims processes.
- The BP claims protocol has recently changed to a more rigorous process requiring additional documentation and information. This process is available online and should be carefully reviewed and followed.
- Statutes of limitations for spill claims depend on claim content; however, there is at least a 3-year window for all claims.
- Top 5 county-level legal activities in support of the recovery effort include:
 - Document retention to support claims
 - Revenue monitoring
 - Monitoring statutes of limitations on claims
 - Monitoring federal lawsuits associated with the spill
 - Claims support for county

Planning for a Coordinated Response

The discussion of conditions resulting from the BP oil spill in the Gulf of Mexico yielded a series of issues that continue to impact the region and its recovery, as well as strategies that could help to ensure that the state of Florida and its impacted areas are made whole in the economic recovery process.

Major Issues Impacting Recovery

Uncertainty – The oil spill and the following media coverage created a misperception that Northwest Florida beaches were significantly impacted. This situation resulted in a reduction in tourism revenue, and is negatively impacting the economic stability of the region by stifling expected economic recovery and growth. Potential strategies for addressing this issue include:

- **Request additional funds from BP to conduct national and international marketing campaigns promoting Florida beaches.** BP should provide grant funding for large-scale awareness campaigns directed at communicating the lack of substantial impact from oil. These grants are needed to combat the

widespread misperception that Northwest Florida was significantly impacted by the oil spill. Funding could be utilized to attract new visitors and to provide opportunities to expand shoulder season activities. BP should also transition its marketing campaign to reflect the true status of Florida beaches.

- **Identify and leverage federal, state and local funding to market Florida's Gulf Coast.** Additional funds from BP for this purpose should be combined with identified public funding sources to maximize the positive impact on the region.
- **Compile and communicate positive environmental findings.** Testing results from various state and federal agencies show that regional air, water and soil quality has not been degraded due to the spill. Further, there has been no impact to the availability and safety of Gulf seafood. A coordinated effort is needed to publicize these results via a multimedia campaign.
- **Coordinate an effort to transition media attention from cleanup efforts.** Encouraging the media to produce stories of recovery needs, focusing on the actual environmental conditions of Northwest Florida, could dispel negative perceptions and help to capitalize on national awareness of the region.

Immediate Economic Need – The cascading fiscal impact of the oil spill has created a need for an infusion of immediate capital into the region. An efficient claims process, as well as other federal and state funding is needed to stabilize local economies in a time of critical need.

- **Work with BP and federal officials to improve the efficiency of the claims process.** Immediate financial resources are needed to support local businesses and residents impacted by the spill.
- **Ensure full revenue replacement for local governments.** Accurate and appropriate financial analysis should provide the foundation for BP to meet its responsibility to replace all losses resulting from the oil spill.
- **Extend incentives to coastal counties impacted by the spill that are similar in nature to those currently extended to rural counties.** Financial waivers and incentives afforded to rural counties by the state could benefit impacted coastal communities thereby reducing fiscal burdens and further fueling recovery.
- **Determine state and federal grant availability and seek special consideration.** Additional consideration for grant funding would place Northwest Florida in a more competitive position and could stimulate recovery across the impacted region, as it did for areas impacted by Hurricane Katrina and other natural disasters.
- **Encourage state and federal agencies to move conferences to Northwest Florida.** This strategy could do much to publicize the actual conditions on the Florida Gulf Coast and help with the expansion of shoulder season offerings.

Long-term Economic Need – With the potential for an ongoing negative impact on tourism, it is clear that economic diversification is needed to provide for sustainability over time. Investment in infrastructure and the development of new business and industry is essential.

- **Develop strong regional collaborations.** Regional economic coalitions are essential to recovery. The development of regional collaboration among tourist development councils will strengthen the marketing efforts of the region and will eliminate unnecessary competition.
- **Diversify.** Diversification and sustainability strategies are needed to promote ongoing economic success in the region. Northwest Florida should initiate an aggressive marketing campaign directed at companies to promote industries beyond tourism. Surveys of industries are needed to determine economic expansion opportunities and to provide key data for supporting the development of new business and industry. Further, comprehensive evaluation of supply chain issues impacting the region is needed to identify strength and weaknesses.
- **Establish a regional closing fund.** The State should establish a regional closing fund to aid in the diversification of the Northwest Florida economy. This will allow for a quick response to opportunities and stimulate recovery.
- **Develop a Technology Corridor for Northwest Florida.** Replicating similar efforts in other parts of the State could bolster diversification efforts, placing less of an emphasis on tourism revenue.