



**RE: Economic and Environmental Impacts of the
Recent Oil Spill in the Gulf of Mexico**

**Hearing: Tuesday, May 11, 2010, 2:30 pm
Room 406
Dirksen Senate Office Building**

Dear Senate Committee on Environment and Public Works:

Thank you very much for providing me with the opportunity to express the views of Florida's hospitality industry related to off-shore oil drilling and, of course, the recent oil spill which has occurred in the Gulf of Mexico. As the owner/operator of the largest resort on the west coast of Florida, I am very familiar with all economic influences on our state's tourism industry. We operate two independent world-class resorts with 796 guest rooms located on St. Pete Beach, Florida. We represent entrepreneurialism in its purest form, having created our own brand and relying solely on our own sales and marketing efforts to successfully compete in a very difficult market place. Because we have no franchise or flag to channel business to us, we have developed a great understanding of where our business comes from and what influences travel to our destination.

As Chairman of the Board for the Florida Restaurant and Lodging Association, I will also convey to you today's concerns that many tourism leaders have regarding the threat to their stake in Florida's largest economic driver. Florida's hospitality industry represents:

- **A 57 billion dollar industry;**
- **20% of Florida's economy;**
- **3.4 billion dollars in sales tax revenue; and,**
- **More than 900,000 employees - Florida's largest employer.**

Florida has deservedly earned the reputation of being the vacation capital of our country and is a top destination for international travelers. Florida's image has been consistently attractive for nearly a century and continues to create fond memories of sugary white sandy beaches, warm sunshine, blue waters, beautiful natural resources, fresh seafood and a variety of unique and fun attractions for everyone visiting. The mere thought of oil rigs in the nearby waters off Florida's shores and beaches changes this fantastic imagery instantly and permanently! I have included a page from a study conducted by the Visit St. Petersburg/Clearwater Convention & Visitors Bureau in 2008. I believe the results of this study perfectly reflect the desirable attributes of all of our beachfront destinations along the nearly 2,300 miles of Florida's coastline. The top 5 most influential factors in choosing a beachfront destination are:

- **Safe destination;**
- **Beaches;**
- **Environment;**

- **Relaxing; and,**
- **Sun tanning.**

It is clear that off-shore oil drilling along Florida's shoreline, even absent a disaster such as the one that recently occurred, will negatively affect three of these attributes in immeasurable ways, costing Florida billions of dollars. The to-be-released 2010 Portrait of American Travelers by Y Partnership indicates that 'beautiful scenery' and a 'beach experience' are both in the top 5 as important to American Travelers who are interested in visiting Florida. This further makes the point that Florida's tourism will be materially affected by the disaster that continues to pour oil into the beautiful Gulf of Mexico.

While tourism is Florida's largest industry, it has and continues to suffer due to a struggling economy, which has resulted in cuts in spending on travel throughout all market segments. When you also consider factors such as an unseasonably cold winter, Florida's hospitality in 2010 looks to endure another year of declining revenues. Even a further 10% reduction in our tourism dollars could force many tourism-based businesses out of business. Profit margins are already thin and bank debt service coverage ratios are regularly at risk for many of our restaurants and hotels. Florida's legislature understands that without the current production of tourism dollars, a state income tax could be necessary to offset budget deficits going forward. It is also clear that many valuable services and programs would be further cut or eliminated altogether.

Recognizing just how fragile Florida's tourism has become, I fear the affects of this oil spill will be devastating and similar to those Florida's tourism industry experienced after the multiple hurricanes of 2004. You will recall that some areas of the state were indeed severely affected by the storms, but most of the state was completely unaffected and was open for business as usual. However, what people saw in the national and international media was the sensationalism of the news coverage surrounding these storms, which ultimately lead to a perception that all of Florida was under water and badly damaged. Travel to Florida was severely impacted by these events and even today, six years later, we find that business and leisure travelers alike are still very hesitant to plan a visit to Florida during August and September. Imagine for a minute what is ahead for our industry as oil continues to cover the pristine natural environment in our Gulf waters.

This disaster has the potential to devastate Florida's coastal ecosystems. One can look to the Exxon Valdez spill to get a sense of the shocking ecological and economic impacts our wildlife, fisheries and fragile coastal ecosystems may bear. The tourism trade relies upon healthy, sustainable ecosystems. So, let me be unequivocally clear, the importance of tourism far exceeds any economic benefits realized by oil drilling in the Gulf of Mexico.

In that regard, I urge the committee to look beyond the catastrophic impacts of this spill, to take action now, ensuring that reforms are enacted so this never happens again. The joint Coast Guard-MMS investigation is woefully insufficient. An Independent Commission on the

BP spill must investigate the cause, response and impacts to truly assess the magnitude of the risks associated with offshore drilling.

America expects you to do this. Support ranges from Ocean Conservancy to the Center for American Progress to Newt Gingrich. Representative Capps' legislation for such a commission has been introduced in the House. I urge this committee to act with similar legislation; guarantee the truth and ensure protections for our 10,000 members in the Florida Restaurant and Lodging Association who have been devastated by this spill.

Until an Independent Commission completes its work, there must be no new drilling or exploratory drilling in the U.S. Outer Continental Shelf or in fragile regions such as the arctic. The Deepwater Horizon incident has shown spill response is sorely lacking; it would be madness for the remote people of the Arctic, inhabiting one of the last pristine ecosystems on the planet, to watch in horror what our members are enduring in the Gulf.

The marine resources, communities and particularly our members being devastated today should compel Congress to enact a smarter approach to managing activities in our oceans. As oil companies will continue to generate significant profits, while putting our wildlife and coastal economies at risk, a portion of revenues must be endowed for restoration and a transparent management regime such as Coastal and Marine Spatial Planning (CMSP). For our members and for America's treasured aquatic resources, Congress must act now, mandate a reinvestment program and manage the conflicting needs for our seas.

Tourists have a multitude of choices when traveling and our Gulf fisheries offer a unique driver that brings them to coastal communities such as mine. Our fisheries are the front line in this unfolding disaster. Many important species are spawning now or in the coming months and will spend the early part of their lives in coastal, estuarine and/or open water environments. All of these habitats, and the young species inhabiting them, will be affected by the oil spill. The pictures and video of this, which will undoubtedly begin to appear, will serve as a stark reminder to us all as to what our responsibility is to Florida's future.

The National Marine Fisheries Service, the government agency responsible for managing fish species in federal waters, has closed all recreational and commercial fishing in the areas affected by the spill, totaling nearly 5% of federal waters in the Gulf so far – an area the size of Virginia.

It is absolutely imperative that managers be given sufficient resources immediately to establish ecological baselines and track the immediate and long term impacts of the spill in order to ensure that appropriate management actions are taken to achieve sustainable fish populations in the Gulf of Mexico, something critically important to Florida's tourism economy.

NMFS and State fishery agencies should have the resources to:

- Enlist fishermen to collect information necessary to establish environmental baselines and to monitor long term impacts.
- Expand fish population assessments of both state and federally managed species.
- Intensify and modernize fisheries data collection systems. This offers opportunities to engage and employ fishermen to collect critical information on fishery health and provide timely information for management.
- Expand fisheries independent data collection systems to collect critical information necessary to assess ecological and fish population impacts.

In closing, I encourage this committee to provide all the necessary resources and funds to mitigate this disaster in the Gulf of Mexico. Please also recognize that stopping the oil from continuing to enter the Gulf waters and the clean-up process doesn't make everything better and it certainly does not address the long term effects this spill will have on Florida's tourism and natural resources. In addition to providing funding for the aforementioned resources, I ask this committee to consider that in 2005, Florida's marketing agency, Visit Florida, needed as much as an additional \$25 million for a total of \$50 million for marketing efforts to try to let travelers know that our state was okay and open for business after the hurricanes of 2004. I would suggest that Florida will need at least \$100 million, \$75 million more than we have today, to sustain the necessary marketing to overcome the damage this oil spill will continue to have on our state's tourism.

On behalf of Florida's tourism industry, I sincerely thank you for the opportunity to share our concerns and hear the actions needed to preserve Florida's tourism in 2010 and the future.

Sincerely,



Keith Overton, CHA
Senior Vice President and Chief Operating Officer
TradeWinds Island Resorts

KO/jn

Chairman
Florida Restaurant and Lodging Association



ST. PETERSBURG/CLEARWATER

2008 DESTINATION PROFILE

VisitStPeteClearwater.com

Influential Factors

Selecting a place to vacation can be difficult. Fortunately, when choosing the St. Petersburg/Clearwater area, there are so many desirable attributes that most vacationers come back year after year to experience all that the destination has to offer. Below are the factors that visitors cited as to why they chose to visit the St. Petersburg/Clearwater area from 2002 to 2008. Based on the percentages, the desire to visit our award-winning beaches continues to be one of the most influential factors.

Influential Factors

Factor	2002	2003	2004	2005	2006	2007	2008
Safe Destination	83.4%	91.4%	95.6%	98.3%	97.0%	96.6%	96.2%
Beaches	90.1%	95.3%	88.9%	98.2%	98.5%	96.5%	94.8%
Environment	90.4%	94.0%	93.4%	95.4%	94.2%	95.2%	93.8%
Relaxing	92.2%	92.8%	95.0%	97.5%	97.2%	95.0%	94.1%
Suntanning	78.6%	79.6%	85.2%	92.6%	94.2%	87.2%	83.8%
Weather	85.4%	85.1%	85.5%	84.9%	84.9%	84.3%	85.6%
Value for Money	82.2%	84.5%	85.7%	85.8%	82.2%	80.2%	85.8%
Value of Lodging	71.7%	77.7%	82.5%	82.3%	79.5%	73.8%	79.7%
Good Dining	67.5%	56.8%	59.9%	65.2%	62.0%	64.4%	71.3%
Upscale Lodging	65.7%	62.8%	57.8%	59.4%	59.1%	58.8%	61.4%

