

UNITED STATES OF AMERICA

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DEPARTMENT OF COMMERCE

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NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION

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MARINE FISHERIES ADVISORY COMMITTEE

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Friday,
November 14, 2008

The Marine Fisheries Advisory Committee met in the Bienville Room in the Hotel Chateau LeMoyne, 301 Rue Dauphine, New Orleans, Louisiana, at 8:30 a.m., Tom Billy, presiding.

PRESENT:

SAM RAUCH (For VICE-CHAIR BALSIGER)
TOM BILLY
MARK HOLLIDAY, Director, Office of Policy
RANDY CATES
BILL DEWEY
PATTY DOERR
CHRIS DORSETT
ERIKA FELLER
MARTIN FISHER
RANDY FISHER, PSMFC
ROB FLETCHER
CATHERINE FOY
JIM GILMORE
STEVE JONER
DOROTHY LOWMAN

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HEATHER McCARTY
VINCE O'SHEA, ASMFC
TOM RAFTICAN
ERIC SCHWAAB
LARRY SIMPSON, GSMFC
DAVE WALLACE

ALSO PRESENT:

RITA CURTIS
RALPH CANTRAL
TOPHER HOLMES
PETER JONES
HARLON PEARCE
SAM RAUCH
GARY REISNER
ALAN RISENHOOVER
MICHAEL RUBINO
PHIL STEELE

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P R O C E E D I N G S

(8:32 a.m.)

1
2
3 MR. BILLY: Okay. One of the
4 things we'd like to start out with before we
5 get into the specific agenda is Mark looked at
6 the committee membership as it relates to the
7 various fishery management councils, as well
8 as people that live in and around Washington,
9 D.C., for purposes of following up as we
10 discussed with the 2020 document, and so I'd
11 like to call on Mark to share with you both
12 how it looks and then we're going to ask for
13 you to talk among yourselves and decide which
14 one or several of you will take the
15 responsibility for the different councils.

16 So Mark.

17 DR. HOLLIDAY: Thank you, Tom.

18 It's interesting. There's a --
19 well, not interesting -- but it's comforting
20 to know that we have a good regional
21 representation across our regional councils
22 since that's one of our intents in our

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1 selection of members, and so the distribution
2 looks pretty good that we can probably cover
3 all of the regional council areas with one of
4 our members.

5 And so I'd like you to during a
6 break or at lunchtime today look at the other
7 members that are within the regional council
8 areas, and so as an example, for the three
9 East Coast councils, New England, Mid-
10 Atlantic, and South Atlantic among Tony, who
11 unfortunately just had to leave, Eric, Dave
12 Wallace, and John Graves, they should agree on
13 a division of labor as to who would be willing
14 and able to brief the council on the 2020
15 paper.

16 And so as we go through the
17 different councils, I'd like to have you self-
18 select who you think would be available and
19 capable of and interested in doing that on
20 behalf of MAFAC.

21 The Fisheries Service would write a
22 letter on your behalf to the Council Executive

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1 Directors explaining the purpose and serving
2 as the introduction to invite ourselves to get
3 on their agenda, and it may be a couple of
4 meetings before they actually have the time
5 and ability to squeeze us in since they're
6 usually pretty full agendas planned well in
7 advance. Nonetheless, we'll help to
8 facilitate getting you to those meetings.

9 The other criteria that we're
10 looking at is to try to minimize the cost to
11 MAFAC, and so if you're local and we look at
12 the council meetings that are online, you can
13 look at the Websites and see if it's going to
14 be particularly close to you. That might be a
15 factor in deciding who among your little peer
16 group would be best to serve there.

17 We're also fortunate thatfor the
18 briefings that might be done on a short notice
19 in the D.C. area for transition, recall Jim's
20 comment yesterday about being flexible. We
21 have a number of people, including Tom, Jim
22 Gilmore, John Connelly, Patty and Eric that,

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1 again, are within car striking distance of
2 D.C. to help represent the committee as you
3 select who among that group would be ready and
4 available to help with those transition team
5 briefings and new administration briefings.

6 So the charge to the committee for
7 the morning is to check among the different
8 groups from your region about who might be
9 able to best cover these council briefings on
10 2020 and get that information back to me, and
11 if you need some help, I'm here to provide you
12 information about council meeting dates or any
13 other of the mechanics about how to do that.

14 But by the time we leave today, I'd
15 like to have at least a first order
16 representation and we can get started on
17 getting the invite letters and request letters
18 prepared.

19 Any questions? Is that okay?
20 Sound reasonable?

21 MR. BILLY: I think we would
22 include the Commission folks as well. So

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1 we're not limiting it at all. Okay? All
2 right.

3 DR. HOLLIDAY: So over beignets at
4 the first break (if you haven't had one, you
5 can go for a hike down since I bought some
6 beignets for everybody to make sure you had a
7 taste of the true Cafe du Monde New Orleans
8 experience) and make your decisions about
9 where to go next for those council members.

10 Thank you, Tom.

11 MR. BILLY: Okay. Thank you very
12 much.

13 Today is sort of dedicated to an
14 examination of the policies influencing U.S.
15 fisheries' infrastructure, and we're going to
16 look at it from several perspectives, and in
17 particular, we're taking advantage again of
18 being present here in the Gulf, but we urge
19 the Committee to not limit your thinking just
20 to the Gulf.

21 Obviously there have been some very
22 significant events here, and we can learn a

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1 lot from that, but events occur all around the
2 United States, and the broader question we're
3 looking at is are the existing policies that
4 relate to infrastructure, support, emergency
5 response or disaster assistance, are those
6 policies adequate? Are there gaps? Are there
7 other things that should be done or a change
8 of emphasis with a view that then the
9 Committee would make some recommendations to
10 the Secretary in that regard?

11 So I think it's a good opportunity
12 and timely to look at that area, particularly
13 as we're moving into a new administration.

14 So to start off this morning Phil
15 Steele, who you met yesterday, is going to
16 share with us from the regional perspective
17 the experience and response to the hurricane
18 events that have occurred here.

19 Phil.

20 MR. STEELE: Thank you, Mr.
21 Chairman.

22 Good morning, everyone. I trust

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1 everyone had a good night in New Orleans and
2 were in bed by nine. I know I was.

3 (Laughter.)

4 MR. STEELE: My report this
5 morning, presentation, is going to deal with
6 the impact of the horrific 2005 hurricane
7 season on marine resources in the Gulf of
8 Mexico. This is one of two congressionally
9 mandated reports that we developed, one
10 looking at the impact of marine resources.
11 The other one was on habitat. I won't deal
12 too much with habitat today, but strictly on
13 marine resources.

14 Both of these reports are available
15 online if you care to get them.

16 To take a minute just to thank some
17 of the people in this room who were helpful,
18 responsible for getting this report together,
19 we had about six months to do it.

20 Larry Simpson's staff, Larry.

21 The state directors, certainly our
22 NOAA Fisheries folks.

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1 I was basically the herder of cats
2 on this report. So it was a very good,
3 cooperative effort and turned out to be a
4 pretty good product.

5 Some of this information in this
6 report is a little dated because it came out
7 in 2007, but I'm sure Larry and Harlon will
8 bring us up on some more recent information
9 and certainly some impacts of the more recent
10 storms.

11 I think all of us in fisheries
12 management will acknowledge the fact that we
13 try to use the best available science in
14 managing our fisheries and developing our
15 fisheries management plans. However, I think
16 Mother Nature sometimes has its own fisheries
17 management plan in mind, and this is one of
18 them right here.

19 Let me read from my notes here for
20 a minute so I can remember all of this stuff.

21 This is Hurricane Katrina. It
22 first damaged southern Florida when it moved

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1 across the Florida Keys as a Category 1
2 hurricane on the Saffir-Simpson scale. After
3 strengthening to a Cat. 5, which is pretty
4 tremendous, over the central Gulf, Katrina
5 weakened slightly to a Cat. 4 and then a Cat.
6 3 before making landfall on August 29th near
7 Buras, Louisiana and again on the Louisiana-
8 Mississippi coast.

9 This was the most severe of the
10 2005 hurricanes and probably one of the worst
11 natural disasters to ever hit the United
12 States in living memory.

13 Right behind her came her sister,
14 Rita. This is the hurricane tidal damage
15 done. You can see where this story came up.
16 That's Buras and this storm came up, and the
17 storm surge came up over 20 feet pushing into
18 New Orleans, but most of the flooding came
19 from all the way up the Mississippi.

20 I got ahead of myself here.

21 We had the opportunity -- this is a
22 motley crew right here, but right after the

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1 storm, this is people from the regional
2 office, from IRA, Dr. Crabtree. We had the
3 opportunity to fly with the hurricane hunters,
4 to go up and assess some of this damage.

5 I've flown a lot of military
6 aircraft in my life, but I'll tell you these
7 hurricane hunters are something to see. I
8 think they're all frustrated fighter jocks.
9 You can always tell when Dr. Crabtree flew up
10 in the flight engineer seat and wanted to go
11 see something because they would put the --
12 we're at 500 feet in this big, old P-3 -- put
13 that airplane on its wing like this and just
14 whew. It's really something to see, but we've
15 all seen these pictures on TV of the damage
16 caused by these hurricanes, but to see this
17 from the air at very, very low altitude was
18 really something to see. Indescribable.

19 Next came Rita about a month after
20 Katrina. Landfall on the northern Gulf coast;
21 came ashore near Sabine Pass, Texas, also as a
22 Cat. 3 storm; inflicted major flooding and

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1 fisheries infrastructure damage on coastal
2 communities in Texas and Louisiana. It just
3 compounded the damage that was done by
4 Katrina.

5 And last but not least, here came
6 Wilma across the southern coast of Florida.
7 Enough of that reading.

8 Now, after these storms, the
9 fisheries made determination, which Larry will
10 talk a little bit more about later on.
11 Secretary Carlos Gutierrez made two formal
12 fisheries failure determinations, and these
13 determinations, of course, authorized Congress
14 to allocate some money to support fisheries
15 disaster relief funds.

16 Since then the National Marine
17 Fisheries Service and our partners across the
18 Gulf states have attempted to assess the
19 damage, look at debris, and try to rebuild and
20 restore some of these infrastructures that
21 were damaged during the storm.

22 Impacts. This is derived from the

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1 report to Congress. In some of the stuff I'm
2 going to tell you about today, you need to be
3 a little cautious in making some informal
4 inferences about hurricane damage and what
5 happened to fisheries. Basically the impacts
6 on marine resource in the Gulf of Mexico were
7 minimal, with the exception of oysters. Cause
8 and effects are a little different.

9 The report as mandated has four
10 areas. We look at trends in fishery status,
11 types of debris which were horrific in the
12 Gulf, how the funds Congress provided to the
13 emergency bill were utilized, and then some
14 new recommendations that NMFS developed on how
15 to address additional resource needs.

16 Data sources. We did not go and
17 mine any new data. We didn't create any new
18 studies. We tried, because of the short
19 amount of time that we had, we tried to use,
20 we had to use the available data that was
21 there. Remember all of the Gulf states have
22 follow-up assessments on the impacts of their

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1 marine resources that I used, also Southeast
2 Fisheries Science Center data.

3 There was also a very nice
4 assessment done by Impact Assessments, which
5 is also available if you folks would like to
6 take a look at it.

7 The overview. Like I said earlier,
8 with the exception of oysters, the available
9 information we had, the impact of these three
10 hurricanes on marine resources, our fin fish,
11 our shrimp, our vertebrates, crabs and
12 lobsters and stuff, was minimal.

13 However, as you can see, commercial
14 landings, recreational fisheries landings and
15 all of these declined naturally because the
16 infrastructure was gone. I mean basically
17 gone. There was nothing left out there. It
18 seemed gone, flowing across this area. We
19 flew up the coast and went across the
20 Mississippi. It looked like someone had just
21 taken a giant backhoe and cleared everything
22 for a half a mile. All you could see was just

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1 slab after slab after slab. So all of the
2 icehouses, the bait houses, the marinas, the
3 docks, gone.

4 So you can imagine what impact this
5 would have on fisheries landings, not the
6 resources themselves, but the ability to land
7 and processes.

8 It caused extensive damage to the
9 fisheries' infrastructure in all of the Gulf
10 states, particularly Alabama and Louisiana.
11 In some areas the destruction is still there.

12 Although rebuilding is certainly underway,
13 you can still go to some of these areas, and
14 they have not recovered. You can see areas
15 like this in Louisiana. Some of these areas
16 may never recover.

17 I think this is Sulphur City. Does
18 that look right? This is some of the pictures
19 we took from the P-3. It's just unbelievable.

20 You can see houses and the oil spills, and
21 the oil in the water was just unbelievable.
22 You see houses with oil up to their eaves, on

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1 the roofs, these giant 100 foot slab shrimp
2 boats up on the docks. It was just an amazing
3 thing to witness the power of these
4 hurricanes.

5 Here's some of these big slab boats
6 up there. Some of them are still there. It
7 costs thousands and thousands of dollars to
8 remove these craft and put them back in the
9 water. Some people will never be able to do
10 it.

11 I like this picture. What's wrong
12 with this picture?

13 (Laughter.)

14 MR. STEELE: This is not a put-on.
15 This is one I took on purpose. I was going
16 to send this picture to FEMA and say, "What's
17 that out there?" That's a good picture.

18 As I said, most of the
19 infrastructure, especially to the east of this
20 red line is just gone, just absolutely gone.
21 We took some surveys right after when we were
22 doing some of this work shortly after these

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1 things, and it still gives me chills to think
2 about it.

3 Here's a little bit more of a
4 quantitative look at facilities counts,
5 offloading facilities before and after. You
6 can see offloading processing. Ice plants are
7 one of the biggest things. It's hard to
8 process seafood without ice or gasoline.

9 As I say, with the exception of the
10 oysters, most of the resources were not
11 impacted that much. Our surveys from our
12 science centers at our Pascagoula labs
13 indicated basically shrimp, fin fish was
14 basically the same, maybe slightly high to
15 pre-Katrina levels, but there were some
16 declines as you would expect in the estuarine
17 shellfish species. It detected some of that
18 in recent studies.

19 Oysters, very typically the animal
20 that's most impacted by this kind of storm as
21 you can imagine. There are huge amounts of
22 water and silt that are brought across these.

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1 It has a severe impact on our oyster beds.

2 Alabama was just coming back from
3 Iran when Katrina struck, and it damaged
4 almost 80 percent of their Alabama oyster
5 resources when it made its landfall. Katrina
6 came back in and did the rest of it. So
7 pretty severe damage to the Alabama oyster
8 fisheries as they were in all of the other
9 Gulf states.

10 I'll concentrate on oysters a
11 little bit because it's basically the only
12 impact on marine resources we had, and you can
13 see Louisiana's commercial oyster landings
14 were down in 2000-2004, and they looked like
15 they were coming back a little bit until
16 Katrina hit. Again, it had its severe impact
17 on it.

18 It looks like it was resounding a
19 little bit, and again, the storms that have
20 come through in the last year or two probably
21 has some more impact. I'm sure Harlon and
22 Eric can speak to that a little bit more.

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1 Florida, didn't have a lot in
2 Florida that I can see, and also I think some
3 of their trips and landings were down a little
4 bit, and when I talked to some of these guys
5 though, because of some of the impacts on the
6 other areas in the Gulf Coast, they got a
7 little bit better price and a little bit
8 better production because of the impacts on
9 the Mississippi and in Texas and so forth.

10 As you can see, and I won't belabor
11 the point, all of the Gulf states had severe
12 impacts on their oyster.

13 Shrimp.

14 MR. DEWEY: Phil, on the oysters,
15 my understanding was that the hurricane also
16 stimulated a terrific spawn.

17 MR. STEELE: Larry, is that true?

18 MR. SIMPSON: I'm sorry. I was
19 answering a question.

20 MR. STEELE: The impact on oysters,
21 increased spawning.

22 MR. SIMPSON: No.

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1 MR. DEWEY: I thought I had
2 understood that it had triggered increased
3 spawning.

4 MR. SIMPSON: It may have. I don't
5 know.

6 MR. STEELE: Well, to see that you
7 get the true value of the impacts on oysters,
8 the next time you guys went down there and
9 order a dozen you'll see they're about eight
10 or nine dollars.

11 The shrimp, not too much. You can
12 take a look at some of the trend analysis.
13 This is just the prawn shrimp. As you can
14 see, it probably is a pretty good line.
15 Actually it has kind of increased a little
16 bit.

17 We'll see the same kind of trends
18 in our fin fish. Not a lot going on there.

19 A little survey coming back on
20 here, another trend analysis of fin fish
21 biomass basically, you know, kind of going
22 back up, not a lot of impact there.

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1 And crabs, lobsters, can't really
2 do too much to blue crabs. You can't hurt
3 them.

4 So but here's where the real
5 impacts came. This is on our infrastructures.

6 You can see that right after Katrina, the
7 commercial lands in 2005 right after Katrina
8 was the lowest during the 30-year period from
9 '77 to 2006. Dockside revenues, of course,
10 correspondingly, were down also. A little
11 trend analysis on that to give you an idea of
12 millions of pounds, dollars on this.

13 You can just skip that and kind of
14 do it yourself and get an idea that Katrina
15 had some severe because there was no
16 processing houses out there to be able to
17 process the product that's coming on board the
18 docks.

19 Recreational undoubtedly really
20 took it in the shorts, too. We looked at
21 this, declines in the five-year averages, some
22 57 percent, although the number of trips taken

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1 really weren't that much, but the number of
2 trips in shore and offshore decreased while
3 the number of trips near shore, which makes
4 sense, kind of increased.

5 The recreational landings, that
6 little dip for 2005, as you see a lot of
7 people were out fishing. There's a lot of
8 debris in the water. People had a hard time
9 getting gasoline. A lot of the boats were up
10 in somebody else's backyard. So it's hard to
11 go fishing without a boat.

12 Recreational trips are kind of
13 flat, as you can see. A little dip there in
14 2005, about you know, to see a lot of these
15 vessels, Larry was just showing me some
16 pictures a few minutes ago. Looking at the
17 charter boat loss, they really, really took a
18 beating on this thing.

19 This is one that Bobby Walker put
20 together, one of our council members, charter
21 fleet loss of almost \$125 million. Almost 500
22 vessels were impacted during the storms. Not

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1 a lot of places to hide.

2 Here is probably one of the bigger
3 impacts here, was marine debris. Larry has
4 got some great pictures of this. It was just
5 unbelievable: bridges, barges, shrimp boats,
6 docks, houses. All of the stuff wound up in
7 the water, millions of millions of tons of
8 this. There's a picture of some of it right
9 there.

10 Right after the storm our Office of
11 Coast Surveys came in and we started
12 partnering with the other Gulf states and
13 local fishermen to collect some of the largest
14 near shore and coastal base serving efforts
15 ever implemented by NOAA. We did a lot of
16 marine mapping, and we've also spent a lot of
17 money implementing or giving force to this to
18 clean up some of this.

19 This is the idea of the marine
20 debris densities along the Gulf coast. As you
21 can see from Bay St. Louis on over, the darker
22 it gets the worse it was. A lot of stuff out

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1 there.

2 And our marine debris removal,
3 which is still ongoing by the way.

4 Okay. This is another segment of
5 the report that we looked at, the impacts of
6 the force emergency supplemental. Larry can
7 probably give a little bit more updated
8 information on this.

9 In June the President signed the
10 Emergency Supplemental Appropriations Act, the
11 appropriations bill, the natural hurricane,
12 since all authorities in 2005. Through the
13 act, Congress -- I think it's 188 million; is
14 that correct, Larry? I'll ask you on that --
15 to assist the Gulf states in the ongoing
16 recoveries, rehabilitation of oyster beds,
17 mapping the debris, and building and
18 rebuilding our Pascagoula laboratory,
19 Southeast Fisheries Science Center, which was
20 totally destroyed during the storm. I hear it
21 is up and running again.

22 And the recovery plan, this is

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1 something that we worked with the state
2 directors. Four primary objectives, you can
3 read them yourselves: providing short-term
4 relief; building more sustainable, profitable
5 commercial and recreational fisheries,
6 improving the quality of nursery areas,
7 rebuilding the central fisheries related
8 facilities throughout the Gulf of Mexico.

9 The recovery plan focused on four
10 major areas, providing short-term financial
11 assistance; restoring infrastructure which I
12 said is still going on; developing funding
13 capacity reduction. I think that hurricane
14 probably took care of a lot of that by itself.

15 And the number four in red, like I said, it's
16 recovering the essential fish habitats. I'm
17 not going to go into too much of that. They
18 have their own little separate report.

19 And we start again. I think this
20 is Hurricane Ike. So the saga begins again,
21 and that's it.

22 Questions?

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1 MR. BILLY: Peter.

2 MR. JONER: On the oil rigs, was
3 there any damage to the resources?

4 MR. STEELE: Oh, absolutely. There
5 were a number of rigs that broke loose, sank.

6 Like I said earlier, flying over Louisiana,
7 there was a tremendous amount of leakage from
8 storage tanks, and you could just fly over
9 some of these bayous and they were just black
10 with oil.

11 MR. JONER: Storage tanks on shore?

12 MR. STEELE: On shore.

13 MR. JONER: But I'm worried about
14 what about the rigs?

15 MR. STEELE: There were a number of
16 rigs that broke loose and sank. There were a
17 number of old capped oil rigs, pipelines that
18 blow that the capping came off and you could
19 see the oil was bubbling up out of the ground.

20 So it was pretty horrific.

21 MR. JONER: So what was the impact
22 of that?

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1 MR. STEELE: We're still feeling
2 it.

3 MR. JONER: So it was a major
4 component.

5 MR. STEELE: Absolutely.

6 MR. SIMPSON: Let's see. One
7 hundred percent of the 1.5 million barrels per
8 day was down from Katrina.

9 MR. STEELE: Wow.

10 MR. SIMPSON: Ninety-four percent
11 of the gas, that's ten billion cubic feet per
12 second, was down. Ninety percent of the
13 manned platforms were impacted. Eight-five
14 percent of the rigs -- excuse me -- 85 percent
15 of the rigs were evacuated; 90 percent of the
16 manned platforms were evacuated. Probably at
17 a minimum, two, three weeks; in actuality,
18 some several months.

19 The price of gasoline in Atlanta,
20 Georgia jumped two dollars a gallon. It was
21 temporary. All total loss, I don't know the
22 actual number, Steve. Probably half a dozen

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1 rigs out of hundreds.

2 MR. JONER: So was that typical?

3 MR. SIMPSON: The time frame of
4 getting those guys off, coming back and
5 redoing.

6 MR. JONER: I'm curious about how
7 well they withstood the Category 5.

8 MR. SIMPSON: Like I say, three,
9 four, five six, half a dozen, Harlon, would
10 you guess? Something like that.

11 MR. PEARCE: They got some of them.

12 MR. SIMPSON: Yes.

13 MR. JONER: Four or five out of how
14 many?

15 MR. SIMPSON: Hundreds.

16 MR. PEARCE: A couple hundred, yes.

17 MR. JONER: Okay. So they're built
18 to survive that. Some of them just got hit a
19 little too hard; is that it?

20 MR. PEARCE: They survived it. The
21 real loss is just the loss of effort and work.

22 MR. JONER: Right.

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1 MR. PEARCE: When the storm comes,
2 the oil rigs have to be very ahead of it.
3 They've got to get back and cap it after the
4 storm.

5 MR. SIMPSON: I mean, I can't
6 remember. I've dealt with my senses here over
7 time, but the 40, 50 foot wave. They had
8 these buoys offshore. That's unreal, I mean,
9 and that's not just one wave. On and on and
10 on.

11 Okay. Thank you. Phil's -- I'm
12 going to put a little clothes on the body that
13 Phil kind of laid out, and we're glad to have
14 Phil and appreciate having Phil as one of our
15 Assistant Regional Directors.

16 Of course, now he got his training
17 back in the States. So that's why he's so
18 good. He's a Florida employee.

19 I'm going to have to push this back
20 and forth.

21 All right. Fisheries are
22 important. Okay. Now, what Phil was talking

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1 about is true. You can get these three
2 storms. In 2005 it was not a fun year, but
3 you've got to remember one thing about a
4 hurricane. From 12 o'clock to three o'clock
5 is the killing zone. That's the northeast
6 quadrant. So whenever you see something hit
7 shore, these folks take the brunt.

8 Now, the only thing that wasn't
9 said by Phil, it went right up the
10 Mississippi-Louisiana line. Okay? So it got
11 half of the State of Louisiana. Rita that
12 came about a month or so later got the other
13 half of the State of Louisiana, and then Wilma
14 came across down there, and they had some pot
15 loss and some trap loss and disruptions and so
16 forth.

17 One other point is this storm was
18 like 300 miles wide. That's unheard of. I've
19 been through these storms since I was a kid,
20 with Betsy in '64 to Camille to all of them,
21 and usually they're very compact. What kills
22 me is when the Weather Channel says, "Now,

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1 don't worry about exactly where this thing is
2 going to hit land."

3 I laugh at that. If you lived down
4 here, and Harlon and I do, 40 miles makes a
5 big difference, makes a big difference. Now,
6 you've got to make plans to get out and
7 everything, but this one was so wide it was
8 unbelievable. Camille in my aunt's house came
9 right up to the floor. It didn't get inside
10 on River Road and Moss Point. My trunk, when
11 I was in college, floated and I lost a few
12 things on the back porch.

13 In Katrina, the same house --
14 that's 1969, Camille -- 2005, Katrina, there
15 was a glass and the water was this high.
16 That's just one house.

17 MR. FLETCHER: You said the killing
18 zone is 12 to three.

19 MR. SIMPSON: Northeast quadrant.

20 MR. FLETCHER: Is that the surge?
21 Is that the wind? Is that the rain?

22 MR. SIMPSON: Wind.

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1 MR. FLETCHER: Everything?

2 MR. SIMPSON: The "baddest" part of
3 the deal because once it gets on shore, now,
4 it's bad. Everything is relative. I'm just
5 saying that's the bad zone.

6 MR. FLETCHER: Is that where a lot
7 of rain falls and it gets you --

8 MR. SIMPSON: Man, it rains
9 everywhere, but I mean, it's the worst zone.

10 MR. O'SHEA: Bob, what happens, the
11 hurricane is moving forward. So in that
12 corner, if you look at the circular thing, the
13 forward velocity of the hurricane gets added
14 to the wind of the hurricane. So it's 15 or
15 20 miles an hour higher wind.

16 MR. SIMPSON: It's bad. You want
17 to be out of the northeast quadrant.

18 MR. JONER: Bob, I'll translate to
19 a Californian: Dude, surf's up.

20 (Laughter.)

21 MR. SIMPSON: Okay. So we have
22 these different time things here. You know,

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1 in September 2005, disaster; September the
2 29th we did some testing. Steve Murawski and
3 the National Marine Fisheries Service paired
4 with some inside charters and outside charters
5 and all that hydrocarbon was a big worry, and
6 we found that overall there was no elevated
7 levels of contamination in seafood.

8 In October, Rita came in. Some
9 more testing after that. E. coli, which is a
10 human sewage and so forth, no higher levels of
11 contamination. No negative impacts on seafood
12 quality in January 2006. Congress in June
13 approves an emergency disaster program, 128
14 million. In June of '07, EDRP II, 85 million,
15 and the latest one, September 30th, '08, we
16 just got a new disaster for Ike and Gustav, 75
17 million. That's yet to be determined about
18 how that's going to be distributed.

19 Bring the people back. Help out
20 the fishermen. They've lost their jobs. Keep
21 them. The biggest thing that I'm concerned
22 about and some of the guys were concerned

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1 about is you lose these fishermen and you
2 can't just put anybody back in there and say,
3 "This is how you do it." It's an art. Much
4 of it is an art, and if you lose that art, you
5 just can't replace it. So we were real
6 concerned and want to get them back.

7 A little wrinkle. It doesn't mean
8 a whole lot, but 38 million of the first EDRP
9 I must be spent on oysters. The reason was
10 that the first appropriation was done under
11 agriculture. My good friend Senator Cochran
12 is the chairman of the Agriculture Committee.

13 He wanted that money to get over there, but
14 Agriculture and Commerce deal with natural
15 disasters entirely different. They didn't
16 have rules and regulations to fit oysters, and
17 without getting technical, there's about 50
18 percent in public grounds and 50 percent in
19 private grounds in Louisiana, and they were
20 going to give you a certain amount of money to
21 do private grounds for each individual lease,
22 you know, and then they were going to give the

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1 entire public grounds in Louisiana the same
2 amount as one single lease.

3 Well, that don't work. So we had
4 to transfer the 38 million into the Department
5 of Commerce which deals with fisheries and
6 blah, blah, blah.

7 So the first 38 million, and it
8 must be documented, which came through
9 Agriculture, must be spent on oysters. Don't
10 worry about it. We'll spend 60, 80 million.
11 We have probably already satisfied that.

12 MR. SCHWAAB: What was the major
13 impact? Was it sedimentation?

14 MR. SIMPSON: Oh, yes. They get
15 silted over.

16 MR. SCHWAAB: Was removal of that
17 sediment or --

18 MR. SIMPSON: You just get mudded
19 over. They suffocate.

20 MR. SCHWAAB: Right. So the money
21 was spent to?

22 MR. SIMPSON: Oh, I can show you.

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1 Don't worry.

2 MR. SCHWAAB: You're going to get
3 to that?

4 MR. SIMPSON: Yes, I'll get to
5 that.

6 MR. SCHWAAB: All right. Thank
7 you.

8 MR. SIMPSON: This is how the EDRP
9 I, emergency disaster recovery program, EDRP
10 I, was split up. Texas, about two and a half
11 percent, three million; Louisiana, 53 million;
12 Mississippi, 37 million; Alabama, 29 million;
13 Florida, four million, and some administrative
14 money.

15 We intentionally kept this low, 128
16 million. I'm telling you if I had known what
17 it has involved in handling this program, it's
18 amazing at how much reporting they wanted. As
19 a matter of fact, Lautenbacher was interested
20 and so forth, and he wanted these specific
21 reports, and the reports that he required in
22 this cooperative agreement are illegal they're

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1 so fast. The process cannot even accept the
2 reports.

3 We volunteered to do it because you
4 all said we needed to.

5 Anyway, about 50 million who wished
6 to reap out of that 127 about shellfish, fin
7 fish. Debris removal, about 50 million.
8 Cooperative research, which has to do with
9 shrimp or larval eggs and basic species, about
10 30 million out of that 128 million. That's
11 how it was supposed to go.

12 Here we go. EDRP II, not less than
13 two percent, turtle excluded device, bycatch
14 reduction device compliant. In other words,
15 if you had an enforcement action against you
16 and you're a shrimper, you don't get that
17 money. But if you're a clean shrimper and you
18 did good things, then you got some money. All
19 right. That was right off the top.

20 Ballots were provided to assist
21 fishermen, business, industry, marketing and
22 so forth, oyster relays, et cetera, et cetera.

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1 Okay. Here's how EDRP broke out.
2 You know, 1.2 detects is 41. This is all in
3 addition to the other numbers. Louisiana, 41
4 million; Mississippi, 25; Alabama, 50; and
5 Florida and administration.

6 Here's how we were going to
7 initially lay out all the work: about two
8 million for this, assistance to fishermen,
9 business and industry, domestic marketing,
10 testing, and so forth.

11 Okay. This is the latest one for
12 the 2009, the one that the President just
13 signed, and it's in process about how to split
14 it up. Disaster money from this one is
15 nationwide. It's not specific just to the
16 Gulf. So they've got some issues on the East
17 Coast and they've got some issues on the West
18 Coast, and we've got Ike and Gustav down in
19 the Gulf. So Gary and them are going to make
20 all of those wonderful decisions, and then
21 they'll tell us how it's going to come about.

22 It came out under

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1 Interjurisdictional Fisheries Act. When I
2 first came to work, most all of the disasters
3 were under an old program called 88-309 and
4 Interjurisdictional Fisheries Act superseded
5 that, changed that. John Breaux wanted to
6 change it, and so it comes under
7 Interjurisdictional Fisheries Act and the
8 Magnuson Act. Both of these laws have
9 disaster provisions in them.

10 That's just September the 1st was
11 Gustav. September the 13 was Ike, and now I'm
12 going to just try to put a little clothes on
13 it, give you a story. Okay? That's all the
14 other stuff.

15 This is Cocodrie, Louisiana. It's
16 a sport fishing area in South Louisiana, which
17 I went and took these pictures immediately
18 after the storm, and see, I was very much
19 surprised that it wasn't as bad as I thought.

20 It was just Gustav now, but most of them made
21 it, but there was some damage, and so forth.

22 This is Ike, and this is over in

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1 Texas. Now, watch this spot right here. This
2 is pre-storm.

3 Now, before you say, "Oh, that
4 guy's lucky," I mean, that whole house is
5 ruined. It's undermined and everything just
6 from the air.

7 Okay. Here's some accomplishments,
8 things that we've done now. We've had a bunch
9 of these limestone pyramids, sports fishing
10 enhancements, culvert materials, vessels. You
11 know, we're about a third completed, low
12 profile reefs, thousands of cubic yards of
13 concrete trying to recycle things. Limestone
14 reef, 60 percent done here in shore. Used
15 some of these old culverts and so forth.

16 These things are great. I went out
17 and these prefab limestone and concrete that
18 put in a specific spot. Artificial reefs,
19 they don't move, enhancing the resource again.

20 Trip reports, and that EDRP II and
21 others that we're trying to get the fishermen.

22 You know, we pay them and they give us

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1 information, so to speak. Okay? We've got
2 about 20,000 in shrimp, about 5,000 in fin
3 fish, and charter boat reports, about 10,000,
4 about 6,000 in oysters. We've got about
5 50,000 of these reports of where, when, et
6 cetera. So you get a good catch for effort
7 and so forth. We'll be able to use them.

8 Here's the form that they filled
9 out. We paid them to do that.

10 Removal, 500 square miles of
11 debris, crab traps, a bunch of crap traps
12 everywhere in the world. We spent about that
13 much.

14 All right. Here's a crab trap
15 removal. This is a crab trap fisherman.
16 These are lightweight things, and they get
17 strewn everywhere, and we recycled them. The
18 states when I say "we" were cooperative.

19 Then we get into debris. That's an
20 automobile and this is a beach, I think, in
21 Biloxi. It looks like a war zone. It looks
22 like somebody set off a bomb. Just try go

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1 looking at it, cars coming out of the water,
2 trash. You can't see this with these lights
3 very well.

4 Oyster ground restoration. The
5 issue is you have probably 100 percent, 90
6 percent mortality in Mississippi on oysters.
7 Okay. That was probably the worst thing.
8 Now, there's infrastructure damage and so
9 forth. So the key part is not the spawning.
10 The key part is to give them culch, give them
11 something to set on, and so that's what you
12 do, is you put down culch material.

13 I don't know what it is. Ten to
14 one? You put a dollar in and you get ten
15 dollars back? It's a historical thing. So we
16 know what we're doing about this. We've done
17 this before. Those many acres, seed oysters,
18 you know, \$20 million.

19 What they do is they get this mined
20 oyster shell or limestone or crushed concrete
21 of the specific size. I mean it's down to an
22 art, and they blow it back over into an area

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1 so that this clean culch will accept that
2 spat, and it's a big operation and costs a lot
3 of money.

4 Now, they don't just throw it out
5 there. This is an oyster area that's GPS, and
6 you can see. If these lights were down, you
7 could see the little lines that he follows,
8 and he stays in a certain pattern.

9 And then you take these seed
10 oysters and you dredge them up out of
11 unapproved areas, and this is a dredge, oyster
12 dredge, and they put them over the top of all
13 of that to help, you know, jump start it.

14 Then you've got this. It's called
15 a tonger. It's like a big, huge steel rake at
16 the bottom. It's a historical thing. Have
17 you ever seen a guy that's an oyster tonger?
18 He ain't got no net. Don't mess with him in a
19 bar.

20 (Laughter.)

21 MS. FOY: Larry, why are they doing
22 this?

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1 MR. SIMPSON: By hand. They get
2 the oysters and bring them up.

3 MS. FOY: Oh, they're bringing them
4 up.

5 MR. SIMPSON: Yes. I mean, that's
6 sacks of oysters.

7 Okay. Date is important and they
8 work it all, keep track of it, and so forth.

9 Cost recovery, this is three years
10 after Katrina. This is Gulf Coast Research
11 Laboratory. One of the facilities at Tom
12 McIlwain's aquarium and so forth. That's a
13 symbol for the University of Southern
14 Mississippi.

15 And this was an office in GCRL.
16 Now here it is. This was a bridge between
17 Ocean Springs and Biloxi. We got on it, still
18 working on it, still working on it, and that's
19 what it is today. It's back.

20 I've walked that bridge. This
21 thing they added to it, this walking track, do
22 you see these people? That's a nice walk.

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1 PARTICIPANT: That bridge needed to
2 be replaced.

3 MR. SIMPSON: Big. Let me tell
4 you. When Camille hit, that bridge was brand
5 new when Camille hit, in 1969, and it's a long
6 story, but anyway, they had some bad
7 materials, and that thing plates. They didn't
8 tear it down, but the plates were like this.
9 So they had to put it back. You could go
10 across that bridge after it was brand new
11 until this and it went like this, bo-boom, bo-
12 boom, bo-boom.

13 Anyway, historical sites, this is
14 Beauvoir. They've come back. Marinas, this
15 guy went around, you know. You had to have
16 one of these GPSes or you couldn't figure out
17 where you were. You lost all of your
18 landmarks.

19 Anyway, this was a marina, a big
20 marina. This was a yacht club. There's a
21 swimming pool. That was all that was left of
22 the yacht club. Now the yacht club is back.

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1 That's the swimming pool.

2 This was a little bait place and a
3 fishing place down in South Louisiana. I
4 forget just where. It doesn't look like much,
5 but that guy is selling bait to recreational
6 fishermen so they could go do their thing.
7 You know, the infrastructure is just horrible.

8 Bay St. Louis, Long Beach. This
9 was a little processing plant. Now he's back,
10 that processing plant.

11 This is part of the National Marine
12 Fisheries Service Lab in Pascagoula. There's
13 where it's coming back to now.

14 Trainer Marine, boats all up in
15 there everywhere. These are menhaden, dead
16 fish who had suffocation with oxygen and so
17 forth, birds, et cetera. This is what we
18 really want. We want these people out here
19 fishing. We want that shrimper and so forth
20 going out and doing his thing. We want these
21 kids to enjoy themselves.

22 This one I couldn't resist. This

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1 is a school of red fish feeding on some sari
2 and mullet right off the Texas coast. That's
3 what we want right there, and I want to be
4 right there.

5 (Laughter.)

6 MR. SIMPSON: Menhaden plant. Back
7 during Katrina water inundated and so forth.
8 Remember this little alleyway right here.
9 That's us touring the facility after he's got
10 this thing back. Spent millions. That's his
11 net shed. That's what it's supposed to look
12 like, when he takes his nets and he dips them
13 and so forth to protect them.

14 The Iberville over in Biloxi, cold
15 storage. You can't do business like that.
16 He's back. This one was so bad and messed up
17 he just had to rebuild. Gollott, he's one of
18 my Commissioners, Senator Gollott, his family.

19 Put some money back in these places.

20 There's an interface. I keep
21 trying to tell people by necessity the seafood
22 industry has to have that land-water

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1 interface. So you're always going to have
2 these problems. You've got shrimpers with
3 land. You've got oil and gas shipyards, you
4 know. You can't bring these things in 20
5 miles in shore and work on them. You've got
6 to work on them right there.

7 So this land-water interface is
8 where all of the activity and the problems
9 occur, and we want to get back to commerce and
10 selling the product and so forth, not only
11 shrimp, but there are some other issues that
12 you have to deal with.

13 This is the kind of thing that you
14 come back to sometimes and you don't think
15 about it. Now, how in the world are you going
16 to figure out where this thing belongs? I
17 don't know how they did it, but they did it,
18 you know. This is in Biloxi and they came
19 back. They found a home and got them all
20 back, but there are still a few. There are
21 still a few.

22 There was three after Camille, and

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1 they named them Hope, Charity, Faith, Hope and
2 Charity, and they never did figure out who
3 they were.

4 You know, this kind of stuff right
5 here, this is what we want, you know. When
6 the storms come, they run and hide in the
7 intercoastal, you know, and these boats go
8 back there in hurricane holes and try to save
9 themselves.

10 After it's all over, both
11 recreational and commercial, you've got this
12 kind of thing even though this was over with,
13 you know.

14 There's a little old place down in
15 Breton Sound. This is east of the river in
16 Louisiana. Came back and he's going to launch
17 his boats and selling stuff, and he's back.

18 This lady right here, this is Ocean
19 Springs, Mississippi. I wish you could really
20 see this. It's a beautiful house up here, and
21 that was hurt. It was high up on the hill,
22 but look at all of the mess she had in her

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1 front yard.

2 Now, this woman got really incensed
3 when they came in and got all of that stuff,
4 and they had to get it out of her front yard,
5 but they tore that woman's yard up, and she
6 was so mad because she didn't have any of the
7 damage, but the boats were all -- and they
8 tore up all of this beautiful landscaping.
9 She was all mad.

10 All right. Here's some more
11 habitat stuff. I think it's kind of
12 interesting to see. this is some of the
13 things you have to deal with after storms.
14 See the difference. See the difference.

15 Now, I don't know what idiot took
16 this.

17 MR. JONER: Well, Larry, will those
18 come back eventually?

19 MR. SIMPSON: Not all of them, but
20 they will regenerate to some degree, but you
21 can't have that much loss.

22 A quick story. They tell me that

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1 for every mile of marsh it makes a difference
2 in one foot of storm surge, something like
3 that, for every mile of marsh. So you're
4 losing marsh. Your storm surge, think about
5 my aunt's house, you know, and the storm surge
6 is what gets you.

7 I don't know what idiot took this
8 in the middle of the storm. This is Philip
9 Horn's place in Pascagoula. Somebody was
10 standing up on this high-rise bridge in
11 Pascagoula with his Red Snapper and other
12 places. That's his business. Took the
13 picture, and that's what happened afterwards.

14 It floated back and Philip said if they could
15 have just got through off of this thing, when
16 that post stuck a hole right through the
17 middle.

18 That's his office.

19 A little personal story. This
20 person came back to her house right there.
21 She works for me. this is Madeline Travis'
22 house. She works for me, and this is what she

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1 came back to after Camille. There's nothing
2 there. Her house used to sit right there, and
3 she had to live in one of these things, which
4 is better than a little FEMA trailer. She got
5 this from a church and so forth. She had to
6 live there while she was getting this done.

7 Now I'm happy to say that
8 everything is fine, but after two years and a
9 half year she took off a day to move in, and
10 she called the office, and she was ecstatic.
11 She said, Larry, since two years I have
12 finally washed clothes in my own house.

13 Now, you think about that. She had
14 to go down to the washateria for two years to
15 wash her clothes. Little things. In the
16 middle of the storm, afterwards; she's back in
17 business.

18 What I like about this one is it
19 blew through and there's all of that damage,
20 but look at them boats up at the top. Usually
21 the top ones are the cheaper ones. You know,
22 the expensive ones are down here, but anyway,

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1 these poor guys, they made it all right. Now
2 it's back.

3 This was a casino barge, and it
4 used to be a hotel under it. It was pushed
5 over and squashed that hotel. Now they took
6 the barge off, built hotels and stuff back.

7 This kind of stuff you've got to
8 deal with. It just kind of takes time. This
9 is what you want. This is bad.

10 This is good. We're seeing these
11 guys, shrimpers, brushmen come in and they
12 offload their stuff, and then we put it on a
13 barge and then seed those oyster beds.

14 This kind of house, you know, it
15 was a beautiful yard, nice, residential area,
16 and then he's got to live in this for two or
17 three years, and that's a good one. That's
18 called a Katrina cottage. That's not a FEMA
19 trailer.

20 Your life changes, and I can't
21 explain to you how bad it really is. This is
22 what it looks like, you know, a few days

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1 later. This is what we want. To get from
2 here to here is a lot of work.

3 Here, now, trees. Had two million
4 trees in the State of Mississippi alone
5 upended. Now, we're talking about Tupelo,
6 Memphis. You know, we've got a lot of timber
7 industry, and two million trees in one little
8 old state, and these things took a beating.

9 So I thought this was great.
10 People came along on the beach and they carved
11 these beautiful things, you know. They're
12 gorgeous. You know, you might as well use
13 them, but I love this shot. Here's when you
14 think you're down and nothing is going to
15 happen. This tree started growing again.

16 So that's the little story. I hope
17 that that helps you understand it a little bit
18 and provides you a little clothing.

19 MR. JONER: I have a question about
20 the house that your co-worker built there.

21 MR. SIMPSON: Yeah.

22 MR. JONER: Will that survive the

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1 next one? Is that up high enough?

2 MR. SIMPSON: Yeah, it will survive
3 a storm surge like came in before. Now,
4 whether it will survive the wind, that's
5 something else. The elevation codes were --
6 make them raise them higher, and they do
7 everything they can to --

8 MR. JONER: So what is the code?

9 MR. SIMPSON: One of the most
10 beautiful places down there.

11 MR. JONER: What is the code for
12 how high?

13 MR. SIMPSON: It depends on the
14 area, Steve, but generally, you know, it may
15 be it went from like 15 to 20. It's amazing
16 how high you can get.

17 MR. BILLY: Heather.

18 MS. McCARTY: Larry, I don't know
19 whether Tim is going to talk about this in a
20 minute, but the cost of doing, say, individual
21 homes, completely rebuilding them, did the
22 government help pay for that or was it private

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1 insurance?

2 What happened with private
3 insurance with all of these different
4 categories?

5 MR. SIMPSON: Private insurance.
6 The government doesn't have anything to do
7 with that.

8 MS. McCARTY: So it's all private
9 insurance.

10 MR. SIMPSON: It's either private
11 insurance, and you've got flood insurance and
12 you've got wind and hail and upland, but if
13 you're on that coastal zone right there, that
14 band, you're put into what's called a wind
15 pool. They charge you whatever they want to
16 charge you.

17 Now, the difference in economics of
18 living on the coast has changed completely,
19 completely. Now, that's not to say that the
20 big, beautiful homes -- and I didn't show you
21 all of those mansions because those people
22 have resources. They're being built back just

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1 as fast as they can build them back, but
2 that's coming right out of that person's back
3 pocket, and he's not even insuring it. That's
4 him.

5 But, no, that's private insurance,
6 and in most cases what happened, you saw a lot
7 of the lawsuits and everything. The big one
8 was State Farm, and I'm not taking sides, but
9 State Farm came in and said it's all flood,
10 just unilaterally it's all flood.

11 You know and I know all of it
12 wasn't flood. Some of it was torn down before
13 the flood ever hit. So that has worked its
14 way out and so forth.

15 But insurance and cost of living on
16 the coast is different.

17 MR. CATES: Larry, a couple of
18 questions. You know, I've been through a
19 couple of hurricanes in Hawaii, and actually I
20 was in one in Florida. The last one in Hawaii
21 was, I think, a Category 4. It hit Kauai, and
22 I remember running ice with my fish boat 90

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1 miles away, four trips in a day. It was the
2 most brutal.

3 Is the money that you guys receive
4 in your opinion well spent? That would be the
5 first question.

6 And did the fishermen and the
7 seafood industry take preparative action or
8 was it kind of lackadaisical?

9 MR. SIMPSON: Yeah, they have to
10 take action. This isn't the first calf roping
11 that these guys have ever been to. So, you
12 know, you saw the hurricane holes and so
13 forth. You lash them down, but I mean, you
14 have to be on the land water interface. Okay?

15 They were pouring, you know, a big part of --
16 you know, the guy took the picture in front of
17 that big thing. It was his ice plant. Okay?

18 Well, when it was all over, he had
19 a refrigerated truck and there was no
20 electricity, and so the county morgue rented
21 his trucks and he had a refrigerated truck
22 sitting there with about 19 or 20 bodies in it

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1 for I don't know how long.

2 Is the money well spent?

3 Absolutely. The resource will ultimately be
4 back. The shrimp resource will ultimately --
5 I mean the oyster resource -- will ultimately
6 be back better than it was before unless we
7 have another one. I think it has been well
8 spent.

9 If you can't keep these guys -- and
10 Harlon will talk about the fishermen and the
11 heritage and the history -- if you can't keep
12 these guys back in it, because they'll go and
13 every carpenter and they'll go offshore and
14 everything, and they won't come back.

15 MR. CATES: So are they coming
16 back?

17 MR. SIMPSON: I'll let Harlon talk
18 to that. Mostly. The ones that just got it
19 in here and they can't get it out of them,
20 they'll come back.

21 MR. BILLY: Okay. I think we'll
22 move on. The next presenter, Harlon Pearce,

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1 the commercial fisherman, member of the Gulf
2 Council, and the Louisiana Seafood Marketing
3 and Promotion Board.

4 Harlon.

5 MR. PEARCE: Yeah. My name is
6 Harlon Pearce. I know some of you. I don't
7 know all of you.

8 I am Chairman of the Louisiana
9 Seafood Promotion Marketing Board. I am on
10 the Gulf Council. I co-chaired the Louisiana
11 Fishing Community Recovery Coalition which
12 developed after Katrina and Rita. If you put
13 all of that and put it in a big paper bag and
14 shake it, I'm just a coon-ass fish peddler.
15 That's about all I am.

16 (Laughter.)

17 MR. PEARCE: But I think I've got a
18 little bit of all of us in this room, a little
19 of that in this room.

20 What amazes me today is that I
21 guess I take for granted what happened in
22 these storms, that everybody knew about it,

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1 that you guys knew a lot about it, but I can
2 see that you really don't know as much about
3 what happened in that storm as I think you
4 should or did, and I guess we lived through it
5 and we go through it, and the things I'm going
6 to talk about today are sort of what happened,
7 but things I think have to happen for the
8 future because it will happen again.

9 The Barrier Islands you saw there
10 that aren't there, that's the problem. Larry
11 talked about one foot of marsh and the
12 difference it makes in the surge is important,
13 and the last two storms we had thoroughly
14 proved that.

15 So I really think we need to be
16 proactive and not reactive in all of our
17 thought processes, definitely not reactive.
18 We need to -- and I know you're going to laugh
19 at this one -- but we need to be able to work
20 at the speed of business, not of government,
21 not at the speed of government. When you work
22 at the speed of government, we really don't

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1 get our industries back the way they need to
2 be, and we don't get them back in the right
3 form.

4 When you have a problem like these
5 storms, you want to grow from it. You want to
6 have a fishery that comes back in a better
7 way. You want a more professional fishery.
8 You want to develop your processing facilities
9 out of harm's way. You want safe harbors.
10 You want these things.

11 But when the money comes as slow as
12 it does come, and I'll give you an idea of how
13 slow it comes. It comes. You don't have the
14 time to do that. You're chasing your tail
15 getting your businesses back up. You can't
16 develop or redevelop in the ways I think that
17 are important for the future of our fisheries
18 in the State of Louisiana and in this country.

19 I don't need to talk about Katrina
20 or Rita and the time, August 29th. It
21 happened. September 15th we developed the
22 Louisiana Fishing Community Recovery

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1 Coalition, which is about 20 different groups
2 within the state, with Sea Grant, LSU,
3 Department of Economic Development, Wildlife
4 and Fisheries, and all of the fisheries we had
5 within the state to try to develop a quick
6 master plan on what we needed to do to go to
7 Washington with, to find out what
8 infrastructure damage we had, what damage we
9 had financially to the fishermen and what we
10 needed to do.

11 That group did a lot of work, and
12 we had a comprehensive report within a month
13 or two that we went to Washington with to try
14 to get money. It really didn't work. We got
15 busted out of that one. We got some monies.
16 I'd like to talk about this first supplemental
17 and second supplemental because that's how our
18 monies came down.

19 Our first supplemental was like 50-
20 something million dollars, I believe, but most
21 of that was already guaranteed to us through
22 an agriculture supplemental, agriculture bill

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1 for oysters that was \$38 million anyway. So
2 we really didn't get much out of that. So the
3 first one came down, and the bad part of it
4 was that it was dedicated to oyster and shrimp
5 ground rehabilitation. So we couldn't give
6 any direct monies to the fishermen, period.

7 How these supplementals come down
8 and how we write into how we can use it is
9 very important. If it can't get written into
10 it that it's going to be directly going to the
11 fishermen, it doesn't happen, and all of you
12 guys who are involved with government, you
13 know all the checks and balances you have to
14 have. So you've got to make sure that it gets
15 to the right people and that it gets to the
16 right agencies to spend it.

17 Wildlife and Fisheries in Louisiana
18 was the agency that did it. Now, this is a
19 resource agency that's given the job of
20 spending money or giving money out. They did
21 a yeoman's job doing it, but that's not really
22 what they're there for. They're there to do

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1 resource management, not to give money to
2 fishermen. And they took a lot of beatings
3 because of what happened. Even though they
4 did their job the right way, there's ways to
5 solve a lot of their problems.

6 You saw the picture. You saw
7 everything. Some of the crises within the
8 crisis was what I call the toxic soup
9 syndrome. The seafood industry in the Gulf
10 went through, of course, the sensationalism of
11 the media. They have to have a story to tell
12 and it's always a negative story, and so we
13 fought the toxic soup battles where they
14 thought everything coming out of the Gulf was
15 bad product.

16 We have restaurants in Washington,
17 D.C. that were advertising that they weren't
18 going to sell Louisiana product. They didn't
19 sell it because of that. You know, we really
20 took beatings. We were on conference calls
21 with every initial agency in the world to try
22 to make sure we were updated on what the

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1 quality levels in our water was and what was
2 going on, and some of the water, the alcohol
3 coming out of the water was actually drinking
4 water quality. It wasn't as bad as it was
5 made out to be.

6 By September 29th, I think, as
7 Larry said, we got a clear bill of health on
8 the oysters to go ahead and do it -- not the
9 oysters, but the fishery. Fin fish, crab,
10 shrimp, these guys get out of the way. You
11 don't have a problem ever with those guys.
12 There's no tissue damage. There's nothing in
13 the tissue.

14 Oysters are filter feeders on the
15 bottom. So you have to close your oyster beds
16 to get them cleaned out, to get them going,
17 but that's a regular thing in the oyster
18 industry, not just because of these storms.
19 We do it all the time. You get a heavy rain.

20 Certain areas are shut down and certain areas
21 are closed and then opened again.

22 What we did in Louisiana prior to

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1 any major federal help is we went out to
2 industry and to different industry to get
3 things done. We got a travel lift from
4 Alaska, from the Affirm group in Alaska. It
5 helped us get some of these boats you see back
6 in the water or get where they need to be
7 fixed.

8 Shell Oil came up with \$600,000 for
9 three ice machines that we put into place
10 right away, and the thing I've got to impress
11 on you is that we got the money for the ice
12 machines and in two months they were in place,
13 not two years, not three years, not six
14 months. They were working, these fishermen.

15 One of the most emotional times I
16 had during the storm was when we put that ice
17 machine in Cameron Parish, and when these
18 people were just so ecstatic about having ice
19 to go fishing again, I mean, it was just an
20 experience that gives me chills every time I
21 think about it right now, and the kids and
22 everybody thanking you on what you could do,

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1 something as simple as ice we take for
2 granted, but when these storms come around, we
3 can't.

4 Shell Oil also gave me -- well, we
5 had a small loan and grant program from the
6 Louisiana Recovery Authority in Louisiana that
7 was developed. It had like a \$100 million
8 program that was for all of the industries in
9 the state, but we did. We energized our
10 industry, and it had a lot of outreach through
11 Sea Grant, with help from the Promotion Board,
12 with the help of a lot of the fisheries. We
13 got 15 million out of the 60 million they gave
14 out, which was 30 percent of it, for the
15 fishermen by our outreach work and the stuff
16 that we did.

17 We also got a quarter million from
18 Shell Oil Company, again, to grease the wheels
19 of that program so that we got our application
20 together for the fishermen, trying to help
21 them get ready to go so when that small loan
22 or grant came down, we were ready to go. We

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1 gave out that quarter million in \$5,000
2 increments to needy fishermen at the time.

3 Again, when we got to a quarter
4 million, within two months it was gone.
5 That's not the case when it comes to
6 government money. It doesn't ever get out
7 that quick.

8 Let me go to that one while I'm
9 thinking about it. The storm -- let's see.
10 Where's my notes here?

11 Katrina was in August '05
12 basically. When I called the first
13 supplemental was okayed in Congress by June of
14 '06. It was okayed in Louisiana to spend in
15 October of '06. The monies were spent in
16 August of '07. So two years later; two years
17 later before even the monies that the oyster
18 guys needed to spend, and this was money that
19 was already guaranteed from the Agriculture
20 that ended up being bulked back into this
21 supplemental.

22 The second supplemental I call it

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1 was where we got \$41 million for direct aid to
2 fishermen. It was in August '07. Louisiana
3 okayed it in December of '07. It was spent in
4 June of '08, a lot quicker. Six, seven months
5 we got that one out because we had our systems
6 pretty much in place to get it done.

7 But another part of the problem
8 when it comes to this, and I know Larry got
9 right in the middle of this particular
10 situation, is politics can get in the way of
11 what needs to be done correctly, and we need
12 to figure out how to change the way we
13 allocate these funds to the states that need
14 it the most.

15 You all saw Katrina pictures. You
16 all know where it hit in Louisiana. Well, the
17 41 million that went to the fishermen because
18 of that storm, and I will use values and
19 volumes of the fishery in that state. All
20 right?

21 Louisiana, which got hit the
22 hardest, got 14 cents on the dollar as far as

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1 value goes. Mississippi got 59 cents on the
2 dollar. Alabama got 39 cents on the dollar.
3 Politics.

4 As far as volume, Louisiana got
5 four cents on the dollar for that money, for
6 the volumes that we put up in our state.
7 We're one-third of the fisheries in the United
8 States comes out of Louisiana.

9 A dollar, thirteen of the volume
10 went to Mississippi as related to the dollar
11 volume, and 60 cents went to Alabama. And I
12 don't blame Larry's group for that. That's
13 how it came out. The politics were stronger
14 in other states, but we need to set a system
15 in place that says, hey, LSU Sea Grant,
16 Florida Sea Grant, Texas Sea Grant, give us
17 your assessments, your economic assessment of
18 damage and your infrastructure assessment.
19 Let's use those as guidelines to dish the
20 money out to the states accordingly that are
21 needing it.

22 Right now Texas is going to need it

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1 hard. We want to make sure that they get the
2 money, but what happens is that when we get
3 through this political quagmire that we have
4 to go through to get this stuff done, and it
5 is a quagmire, it doesn't get to the right
6 place all the time. Most of the time it
7 doesn't, and that's sad.

8 And we have to make sure that,
9 again, by being proactive and not reactive.
10 We need to be prepared for this for the future
11 because it's going to happen.

12 Ike hit Texas. All of Louisiana
13 flooded. No Barrier Islands; we're going to
14 flood again. With a tropical storm we're
15 going to flood. New Orleans had six foot tide
16 surges in the city. You know, we've got to be
17 ready to do things in a different way than
18 we've done them in the past, and we cannot
19 worry about the mistakes we've made or what we
20 did or didn't do. Let's think about what we
21 need to do to create something better for the
22 future because the future is what we have to

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1 worry about now. What's done is done.

2 We wanted to create safe harbors.
3 We wanted to create clustering of industries
4 with generation of power, water and fuel. We
5 couldn't do it. Time wouldn't permit. So we
6 need to think now about how do we do that now.

7 How do we have monies in place to begin to
8 start that process before we have our
9 problems?

10 So if we have a safe harbor where
11 these boats you see are piled up or moved out
12 quick and go to safe harbors, sure, you're
13 going to have your interface damage. As
14 Larry, we've got to have the interface with
15 the water, but that's not the same. We can
16 fix that. We can handle that.

17 Let's find places to put our boats.
18 Let's find places so that the day after the
19 storm comes we're processing shrimp. We're
20 doing what we've got to do to get that
21 industry back up and running.

22 Ike showed us a really different

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1 problem this last one with the floods. We
2 lost one month out of our economic life during
3 Ike. Business in southern Louisiana came to a
4 standstill for a month, and it's hard for me
5 to even believe. It didn't do that in Katrina
6 and Rita. It did it in Ike, and so one month
7 out of everybody's life economically, you know
8 what that means, you guys in business. That's
9 a killer. It means nobody in this state is
10 going to make money this year.

11 So we have to prepare differently
12 for that storm, for that type of storm.
13 Things as simple as we've got our shrimpers
14 ready to go, we've got no damage to that area,
15 but they can't make ice because they don't
16 have potable water or they can't do this
17 because they don't generators. They can't do
18 that. Simple things that can be talked about
19 and thought about on a Gulf-wide program to
20 bring something together so that when these
21 storms come we have portable ice machines on
22 wheels. We have generation of power,

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1 generators. We have potable water. We have
2 fuel that goes directly to where we need that
3 problem solved, and then in two days you're
4 up; you're running, and your industry is back
5 going.

6 The votes were there after Ike, but
7 we couldn't get anything done. Everything
8 shut down. When I tell you it was a month, it
9 was a month, much, much, much different than
10 Katrina and Rita. A different storm,
11 different effects, but it clearly showed what
12 no Barrier Islands will do. The storm surge
13 is here and it's coming every time we have a
14 storm. No doubt. When a Texas storm floods
15 the entire State of Louisiana, and I mean
16 floods it not just a little bit; floods it, a
17 place that has never been flooded before even
18 during Katrina, you know, it's important that
19 we think that way and we think in a different
20 way.

21 It's important that we find ways to
22 make sure the money is allocated correctly

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1 because, like I say, it's going to happen
2 again, and it's important that we get this
3 money out quicker or by being proactive, we've
4 already done our job in a lot of respects so
5 that when that storm comes we can react
6 quickly to what we've got to do.

7 How do we act at the speed of
8 business and not the speed of government?
9 Exactly what I just said. Have portable ice
10 machines ready to go. Have generation power
11 ready to go. Have these things set up or in
12 place and spend the money ahead, not after to
13 get it done.

14 Develop crop insurance for our
15 industry that the farmers have had for years
16 and years. The oyster industry in Louisiana
17 is close to doing that now, but thanks to like
18 in Louisiana we have trip tickets, and in a
19 lot of the other states if you have trip
20 tickets where a commercial fisherman comes in,
21 commercial harvester, we know what that guy
22 caught last year. We know what he did our

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1 didn't do, and there's a way to insure that
2 for him for the future. We need to look to
3 that. We need to look to the ways to take the
4 models of agriculture and mold them and shape
5 them a little different so that after a storm
6 if you've got that in place, that fisherman
7 has got money to get back going again.

8 You don't have to worry about
9 federal help all of a sudden. You've got that
10 insurance that steps up to the plate, and if
11 we're proactive without thinking, you know,
12 getting the ice machine and everything else
13 ready to go, then we've got lots of things in
14 motion right away and we don't have to go
15 fight for money in Washington. We don't have
16 to fight for allocation of the funds. We
17 don't have to worry about how we spend it.

18 Our wallets in fisheries took a hit
19 on the way they gave money out because they
20 were fair in the way that they did it, but
21 anybody that had a commercial license and a
22 harvesting license got money. That doesn't

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1 mean they were really a harvester or a
2 fisherman.

3 One of the things we have to do
4 with our industry is to begin to
5 professionalize. I mean, we all had
6 discussions on buy-backs yesterday. I'm not a
7 buy-back fan at all. I'm a
8 professionalization fan. I think that we have
9 to grow a stronger, better industry from the
10 ground up and allow access to that fishery to
11 anybody that wants to get in it, but he's got
12 to go to school, got to learn about the law.
13 He's got to learn about food safety. He's got
14 to learn about everything.

15 You know, you can jump in a 50 foot
16 boat in Louisiana and drive off without
17 anything. You can't sell flowers unless you
18 went to college first. There's something
19 wrong with that picture, but not only what
20 that does. I'm not a fan of somebody in the
21 oil industry that's out of work jumping in a
22 flat boat and getting in the seafood industry.

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1 It's not good for anybody. It's not good for
2 him or us.

3 I want that guy that's in our
4 business serious so you solve a lot of
5 problem, and then the guys that are serious
6 are getting the funds that they need and not
7 people that don't deserve the funding is
8 getting the funding.

9 We had 16,000 fishermen in the
10 State of Louisiana before the storm. We're
11 down to ten or 12,000 now. It shows you the
12 loss we've had. Good and bad. Good in that
13 the fishermen that are out there are catching
14 and making a living, and a lot of that was
15 peripheral edge fishermen that we didn't need
16 anyway. So we've got to protect the ones we
17 have now and we have to begin to grow the ones
18 coming up.

19 The charter boat industry and the
20 recreational sector, it's time that they stood
21 up for their fishery, that they became
22 responsible for their fishery. They need to

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1 look at trip tickets and electronic log books.

2 If the charter boat industry had had the same
3 things that we had in the harvesting sector,
4 their funding would have been a lot stronger
5 than it is now. They would have been able to
6 show what they did then and didn't do now.

7 So I know that the Gulf Council is
8 working very hard to get that done, and in
9 Louisiana we're going to work very hard to
10 make sure the charter boat sector begins to
11 step up to the plate and give us the data that
12 we need to manage our fisheries as well as the
13 data we need to help them when a storm comes,
14 not if; when it comes.

15 We need to look at everything we're
16 doing in a very different way for the future
17 and try to learn from what happened in the
18 past. We can't change what happened in the
19 past, and get that done.

20 Gustav and Ike really showed me a
21 lot more than I wanted to see. We've got a
22 cluster. We've got safe harbors. We've got

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1 to do all of these things, and we've got to
2 understand that we've got to work at the speed
3 of business and not the speed of government,
4 and to do that, we've got to get ahead of it,
5 not behind it.

6 And if we do that, we will have
7 solved a lot of the problems that we faced
8 after Katrina and Rita and Ike and Gustav now.

9 You know, I could give you story after story
10 after story about the storm but you've seen
11 some already. You don't need to know that.

12 What we need to focus on is to be
13 proactive, not reactive and working a lot
14 faster and getting in place the tools of the
15 trade and the fishermen that they need right
16 away. And I'm not just talking they have to
17 have it in Louisiana. Find some place where
18 we can move to any state in that Gulf that has
19 that problem and get it moving and get it
20 going. And then we will have done something.

21 Then we will have spent our money wiser than
22 we spent it this time.

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1 I'm not saying we didn't spend it
2 wisely. I'm just saying that that would be
3 the way to get people back up and running.
4 Our fishermen in Louisiana did not receive a
5 penny other than the monies that we got from
6 Shell Oil and some monies we got from
7 Department of Economic Development until two
8 months ago. Two months ago from Katrina,
9 something is wrong with that picture.

10 And it's all the bureaucratic
11 stumbling blocks that we have to go through in
12 order to get that money out and to do our job
13 right. So we have to change that thought
14 process and do something differently and
15 figure out ways that we get it to our industry
16 a lot quicker and ways to grow our industry as
17 we do it and change it from what it's evolving
18 into the future and evolve it into the global
19 economy that we all have to be involved in now
20 and take us out of the small minded businesses
21 that we have today and do something in a
22 different way.

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1 I think that's all I've got to say.

2 I hope I've enlightened you a little.

3 Yes, sir.

4 MR. FLETCHER: You talked about the
5 importance of safe harbors. Is there a
6 blueprint for what that is? And do the
7 fishermen know where to go to get into that
8 place?

9 MR. PEARCE: We don't have them
10 yet. That's what I'm trying to say. In my
11 meetings in the beginning we talked about
12 getting that done, but the funding sources
13 dripped and drabbed in, and we couldn't get it
14 done. We couldn't get the financing to get
15 the right spots. We had people that were
16 going to donate land for this, that were safe
17 harbors where we could put the boats in, put
18 the processing facilities. Unless you got all
19 of that pot of money in one spot to get it
20 done, you're not going to do it.

21 We had \$19 million that we secured
22 for our fishermen right after the storm that

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1 hadn't been spent yet for infrastructure, for
2 harbors in New Orleans, harbors in other
3 states, oyster plants, oyster processing
4 facilities. It hadn't been spent yet because
5 of this, you know.

6 So we have to think now about how
7 to find those safe harbors and where to put
8 them. We have to think now about where we
9 might want to cluster our industries.

10 When I say cluster, I don't just
11 mean our seafood industry, but things that
12 we're late to see value added. When I say
13 value added, we now find that oysters cure
14 cancer, some of them. We know that. So let's
15 have the facility that has met that oyster
16 processing plant doing whatever it has got to
17 do to get that drug ready, or we know that we
18 can get collagen from fish waste. Let's have
19 that pharmaceutical company right there where
20 we can process the product, where they can do
21 it. Let's do more than just see-through
22 cluster. Let's cluster industries around that

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1 can help our seafood industry grow and do
2 things in a different way.

3 It's not done now. We wanted it to
4 be done after Katrina, but there was no way to
5 get it done after Katrina, but now let's look
6 to the future. Let's think about across the
7 whole Gulf. How do we do these things?

8 Yes, sir.

9 MR. O'SHEA: Harlon, listening to
10 what you're saying suggests a two-part problem
11 to me. One is immediate disbursement of aid,
12 but the other thing you're really talking
13 about is the need to have an in place
14 infrastructure plan. Make an assumption the
15 whole place is going to get wiped out.

16 What I hear you saying is there
17 should be a plan in place if that happens. If
18 only half of it gets wiped out, then use half
19 the plan. But it's not going to be a FEMA or
20 the state emergency action guys to do the
21 long-term infrastructure thing.

22 And the flip side is you need a

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1 special organization to quickly put the money
2 on the ground short term. So my question is
3 who do you think is the appropriate group to
4 be doing this long-term planning. The Coastal
5 Zone Management Act people within the states?

6 I work for the state. So I would
7 say it's not really the function of the
8 federal government to do that.

9 MR. PEARCE: I can tell you right
10 off the bat we're doing it through Wildlife
11 right now. We're already developing some --
12 taking some of the monies from Katrina-Rita
13 and we're rechanneling it into that type of
14 thought process. We're going to try to take
15 the three ice machines that we have that we
16 got from Shell Oil and make them mobile as a
17 beginning thought process.

18 In the state we're working on
19 generators for everybody. So we're going to
20 try to do that already through what the state
21 can have done right now, and I don't know
22 which guy should do it. I just know where we

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1 got the money that we're going to grab and try
2 to run with right now to create the beginnings
3 of that process.

4 MR. O'SHEA: But if you have a plan
5 in place, you're going to deploy that money a
6 lot more effectively and a lot quicker than
7 if you have to start from scratch.

8 MR. PEARCE: Right.

9 MR. O'SHEA: And I think that's
10 your point.

11 MR. PEARCE: Right. That is. We
12 have to have that. We have to have it ready.
13 We have to have these things somewhere stored
14 ready to go when this happens because it's
15 going to happen. So let's plan on that,
16 especially ice water, fuel, power, stuff like
17 that, simple necessities that we can get into
18 an area and get it done.

19 To me that's the easiest thing for
20 us to do. The safe harbors, the clustering,
21 that's the toughest thing to do. That's going
22 to take a lot long term plan, long term

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1 thought process.

2 But the other thing is we've got to
3 get some barrier islands. Some kind of way
4 we've got to get some protection from the
5 storm surge in the Gulf. If we don't, it's
6 going to get worse and worse, no doubt about
7 it.

8 MR. O'SHEA: Thanks.

9 MR. PEARCE: And, Heather, to
10 answer your question about housing, Heather.

11 MS. McCARTY: Yeah.

12 MR. PEARCE: To answer your
13 question about housing, in Louisiana we have
14 the Louisiana Recovery Authority with a home
15 program that supplemented insurance payments
16 for people to help try to get them back up to
17 150,000 for their houses. Some cases it
18 works; some cases it didn't work. If they
19 don't want their house, we bought it back in
20 the state and we'll sell it to other people,
21 or clean the lots off and make some green
22 space, whatever.

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1 There's some things working in that
2 respect. It didn't work perfect, but at least
3 it was there as an effort.

4 MS. McCARTY: Can I ask a question?

5 MR. BILLY: Sure.

6 MS. McCARTY: I don't understand
7 the insurance thing down here, but were these
8 businesses also like not insured for flood?
9 Is that the same as a house?

10 MR. PEARCE: I think everybody,
11 businesses I'm sure -- well, you've got
12 different zones down here for flood insurance.

13 Some zones are out of flood. You know, you
14 don't have to worry about it supposedly, but
15 those still got hit. So maybe those people
16 didn't get flood insurance.

17 But the ones that are in the heavy
18 flood zones all had flood insurance, but then
19 what Larry was saying, some of it was denied.

20 So that flood insurance, some say it was wind
21 damage. Some say it was flood damage. So you
22 have to fight with insurance companies from

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1 day one to get it done.

2 MR. SIMPSON: They redrew all of
3 the maps.

4 MR. PEARCE: Right.

5 MR. SIMPSON: They redrew all of
6 the maps. What was the mark in Camille is a
7 new mark now.

8 MR. PEARCE: My insurance and my
9 business quadrupled the next year just on the
10 regular insurance.

11 MR. SIMPSON: And then when you
12 apply that to private loan.

13 MS. McCARTY: And there's no
14 regulatory system that curbs that sort of
15 abuse?

16 MR. PEARCE: There is, but it's not
17 going to do any good right now. We were
18 scrambling just to find companies to insure
19 us. The state actually set up a program to
20 insure the citizens in the state, but we
21 didn't have companies left in the state.

22 MR. CATES: We had the same problem

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1 in Hawaii.

2 MR. SIMPSON: You're in good hands
3 until the crisis. As long as you're paying in
4 everything is fine.

5 MR. BILLY: We've got time for a
6 collective discussion. Let's get the last
7 speaker this morning. Rita, Rita Curtis from
8 our Office of Science and Technology.

9 DR. HOLLIDAY: Just as part of the
10 further introduction, Rita is the chief of the
11 Economics and Social Science Division at
12 Headquarters, and it's in the Office of
13 Science and Technology, and I asked her to
14 speak to us this morning about getting back to
15 this national perspective on research and data
16 associated with identifying issues and
17 policies and problems with respect to
18 sustainable fishing communities.

19 And so we've taken these case
20 studies that we've heard about in the Gulf
21 with respect to hurricane events, and we're
22 moving back towards generalizing these issues

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1 and problems, and part of that is what do we
2 know about fishing communities across the
3 nation, what kind of research programs, big
4 needs that are out there, and what our
5 capacity is right now to try to fulfill that.

6 And so I didn't mean to steal your
7 thunder. I just wanted to help; a little bit
8 of a segue way. We're trying to move now
9 towards our afternoon session, and this is
10 sort of this intermediate step.

11 MS. CURTIS: Thank you, Mark.

12 The outline for my talk is first
13 I'm going to discuss some concepts that are
14 relevant for community sustainability. These
15 include sources of risk to coastal
16 communities, community sustainability,
17 community resiliency, and then look at what
18 NMFS is currently doing with our community
19 profiles.

20 And actually, whenever I say NMFS,
21 I should say this is often NMFS in partnership
22 with its state partners and the commissions,

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1 so giving credit where credit is due, and then
2 look at some of the work that's being done on
3 economic research on fishing communities and
4 introducing here some economic concepts of
5 economies of scale and scope and economies of
6 agglomeration, and I'll get into that in my
7 talk.

8 So risk to coastal communities.
9 These are probably just a handful of the risks
10 to coastal communities, but climate change,
11 that has a lot of potential to effect coastal
12 communities certainly in terms of increasing
13 the intensity or number of severe storms as
14 you heard about this morning.

15 And then changing the distribution,
16 the spatial distribution and abundance of
17 marine species. So through ocean
18 acidification, changes in sea surface
19 temperature, loss of sea ice, and then fuel
20 price change. For fishing communities
21 obviously this has been a big factor, and it
22 has left a lot of boats tied up at the docks

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1 this past year, and changes in energy policy,
2 such as drilling, is often a concern in
3 coastal areas.

4 And then a couple of things that
5 I'll just put under globalization:
6 aquaculture, trade, seafood markets. All of
7 these are factors that are changing, that are
8 putting a lot of pressure on coastal
9 communities, fishing communities in
10 particular, and then population growth.

11 We know that coastal areas have
12 seen rapid expansion in population and housing
13 development, and so that also puts pressure on
14 coastal communities.

15 So the Magnuson-Stevens definition
16 of community sustainability is at first blush
17 somewhat narrow in that it's really looking at
18 just the regulatory effects of fishing
19 communities, and it tells NMFS that we should
20 minimize to the extent practicable the
21 economic and social impacts on fishing
22 communities and so to provide for the

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1 sustained participation of these fishing
2 communities in fishing.

3 Actually, I'm sorry, I lost my
4 train of thought for a moment.

5 The challenges here are that the
6 data for looking at community sustainability
7 is quite limited, other than the port landings
8 information, permit data, and in some cases
9 license data and the census data, which comes
10 out every ten years, which at this point is
11 pretty dated, there's very little data
12 available at the community level. We don't
13 have a lot of information on the other
14 industries and fishing communities. We don't
15 know about, to a large extent the dealers, the
16 processors, the marinas, the repair shops, all
17 of the -- ice factories, all of these other
18 industries, auxiliary industries that are
19 necessary to have a fishing industry.

20 And what also makes it challenging
21 is sustainability is a long-term concept, and
22 a lot of our data that we've begun to collect,

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1 well, we've just begun to collect it. So we
2 really can't look at long-term trends and say
3 much about it.

4 And what we need to be looking at
5 are really more of the fishery dynamics, the
6 seafood market dynamics, the human dynamics of
7 what's going on in these fishing communities
8 so that we can say more about, you know, what
9 will be the impact of climate change, what
10 will be the impact of trade or fuel prices.
11 All of these other issues will effect
12 communities' sustainability.

13 So community resiliency, slightly
14 different. It's a broader concept than
15 fishing or community sustainability, and it's
16 really looking at a community's ability to
17 adapt to or prepare for changes, and the
18 factors effecting resiliency include lack of
19 economic diversification, geographic and
20 social isolation, poverty, unemployment,
21 educational attainment levels, and then
22 environmental risks, such as natural

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1 disasters, hurricanes obviously, and human
2 induced disaster, such as oil spills and
3 community apathy and lack of participation is
4 another issue we don't see that often in
5 fisheries, I think.

6 And this is actually community
7 resiliency, is a really important factor in
8 our fishing communities, and I'll give you an
9 example from the Alaska community profiles.
10 Now, Alaska, you can imagine their fishing
11 communities, geographically, they're remote.
12 Many are inaccessible by boat, and they have
13 high levels of poverty and unemployment.
14 Almost 50 percent of the fishing communities
15 have unemployment rates that are two times the
16 national average and poverty rates that are 30
17 percent higher than the national average.

18 So these are real concerns, and
19 these issues play out differentially across
20 fishing communities, and even within a state
21 they play out very differently. But these are
22 the things that we need to be looking at.

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1 So the NMFS community profiling, it
2 has really been a three-step process that
3 we've been engaged upon. The first step was
4 identifying the fishing communities. Deciding
5 you know, and setting up criteria for what is
6 a fishing community and what is not.

7 We've been through that phase, and
8 then the next phase was, we call them Tier 1
9 community profiles, and that was just
10 gathering a lot of the secondary data on
11 fishing communities. So those would be the
12 landings, the licenses, the census
13 demographics that tell us a lot about fishing
14 communities.

15 And we are wrapping that phase up
16 this year. We'll have community profiles
17 completed in all of our states.

18 The Tier 2 are more detailed
19 community profiles, and so they have more
20 information on the fishermen, the
21 institutions, the fishing industry, and the
22 history. Now, for the Gulf, we've actually --

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1 we completed the Tier 2 community profiles in
2 August of 2005 right before Katrina struck,
3 and what was quite -- which was great because
4 what we had was inventories of all of the
5 seafood processors, all of the dealers,
6 marinas, bait shops, all of the auxiliary
7 industries. We had inventories of how many
8 were there prior to the storm and then after
9 the storm, we sent people back out -- Larry is
10 nodding -- and they were able to show what was
11 the impact on these industries, and they were
12 staggering.

13 I think in Louisiana and in
14 Mississippi there were towns that lost 90
15 percent or more of their fishing related
16 industries, just gone. And the numbers remain
17 quite high three months later, six months
18 later in eastern Louisiana and Mississippi.

19 So they're very useful not just for
20 fishery management, but also for these
21 disaster assessments. And so I would say for
22 the disaster assessments, as well as for

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1 talking about community resiliency, our Tier
2 1, quite good; Tier 2, obviously better.

3 They don't tell us a lot about
4 sustainability in fishing. We're using our
5 community profiles in our social impact
6 assessments for fishery management actions,
7 but ideally we'd be able to do more. I think
8 we're hitting kind of the lowest level of what
9 we need to do, but we need to do more.

10 And so I'd say the biggest problem
11 is that they're not predictive. We weren't
12 able to really say prior to the Bering Sea,
13 Aleutian Island, crab rationalization, how the
14 fishing industry would be changed by this
15 rationalization.

16 And there were by all reports, and
17 we don't have all of the information to say
18 this conclusively, but there were a lot of
19 impacts on the fishing related industries
20 because of crab lack. So under this economies
21 of agglomeration, which is -- economies of
22 agglomeration is when you get geographic

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1 concentrations of industries, different types
2 of industries in a particular area, and they
3 locate there because it just makes sense.
4 They support one another. You know, it's the
5 people that they do business with.

6 And so what they found in an Alaska
7 crew study was that the rationalization had
8 large but proportional effects on crew size,
9 which sounds good, proportional effects, but
10 what happened was that in some areas you no
11 longer have a sufficient size to support some
12 of these other related industries, and so you
13 heard about a lot of the fishing communities,
14 a lot of the industries in these fishing
15 communities literally just shutting down, and
16 so that's something that we -- is a hole that
17 we need to be addressing, and we're starting
18 to address, looking at what's happening in
19 Alaska with these support industries and how
20 they might be effected by rationalization
21 programs.

22 And then another thing that we

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1 don't really have a good handle on is I'll say
2 economies of scope, and here economies in
3 scope is when the fishing vessel produces
4 multiple types of products, and so they could
5 do that on a single fishing trip or they may
6 participate in multiple fisheries at different
7 times of year.

8 And so because they're mobile, they
9 may not operate, and the fisheries may be in
10 different areas. They don't really -- they're
11 not tied to one particular port, and this is
12 important because your regulation may effect
13 one fishery and particular ports, but then you
14 have to look at what would be the spillover
15 effects on other fishing communities and other
16 fisheries.

17 And so some research that we're
18 doing on the West Coast is looking at Cindy
19 Thompson who -- with Southwest Fisheries
20 Science Center has put together over 20 years
21 of data, and she's looking at how the fleets -
22 - how the individual vessels in the fleet, how

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1 many fisheries do they participate in and what
2 is the geographic distribution of their
3 fishing effort.

4 Now, what this particular graphic
5 shows is 22 of the 35 fisheries along the West
6 Coast, and it shows the interconnectedness of
7 these different groups. I'm not sure if you
8 guys can read it that well, but just starting
9 with shrimp trawl, so there's six, 26 -- I
10 don't want to go too far on this -- 26 vessels
11 involved in -- I guess there's a typo there.
12 It probably should be 28 -- in shrimp
13 trawling, but 28 are also involved in the
14 ground fish trawl. So it just shows the
15 linkages across all of these different --

16 MR. DEWEY: So the numbers between
17 the boxes are the number of vessels that are
18 involved in both of those fisheries?

19 MR. FISHER: There's black lines up
20 there. We just can't see them.

21 MR. DEWEY: Oh, okay.

22 MS. CURTIS: Thank you.

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1 And so this is just an average for
2 2002 to 2006, and so this is important from a
3 fishery management perspective because it can
4 show you, when you have a regulation, say, on
5 the salmon trawl fishery, which happened, what
6 will be the spillover effects on other
7 fisheries? Where are they likely to move to?

8 And by doing it by fishing port, as
9 well, you can also see what are going to be
10 the impacts on those fishing ports, those
11 fishing communities.

12 And so just to go a little bit
13 further with this, so this shows the
14 distribution of boats within each region, and
15 on average, 57 percent of the boats fish out
16 of one port for the whole year, which sounds,
17 you know -- that's the majority, but that
18 means 43 percent dumped, and so you really
19 need to be looking at those linkages across
20 ports and across fisheries. It's very
21 important.

22 What this one also shows is that,

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1 by region or by state, Oregon has the most
2 boats fishing out of one port. In contrast,
3 when we look at fishery diversification, we
4 see that Washington has the most vessels
5 participating in one fishery.

6 So just looking at these dynamics
7 is going to be really quite fruitful. At this
8 point, we've just mapped the trend. She's
9 just mapped the trend, but this would be a
10 very fruitful area for modeling impacts on
11 communities and spatial distribution of
12 fishing effort.

13 So continuing with that, economies
14 of agglomeration, Eric Steinberg has done this
15 really neat study looking at industry
16 concentrations in the Northeast. That's New
17 England and the Mid-Atlantic, and it tracks
18 fishing related industries over actually an
19 18-year period, and what's neat about this
20 study is that it shows differences in
21 concentrations across counties, not at the
22 community level, because the data isn't

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1 available that way, across counties, across
2 states, by industry, obviously, and it also
3 demonstrates changing patterns of
4 concentration over time.

5 So the paper itself has a number of
6 really kind of interesting descriptions of,
7 you know, what's going on in the seafood
8 industry, what's going on in the fishing
9 industry. What they showed was that there's
10 been a lot of concentration in the harvester,
11 in the fleets, that the number of vessels
12 landing in the Northeast has decreased from
13 3100 in the '94 to '97 period down to about
14 2400 in the 2000 to 2004 period.

15 So there's been a lot of
16 concentration there. There's been
17 considerable concentration in the processing
18 industry, as well, but not in the dealer. So
19 it's really quite interesting.

20 What I like about this paper even
21 more, though, is that it brought from
22 economics literature these concepts of

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1 concentration of industries, market power, and
2 so it took concepts that were already existing
3 and applied them to the marine sector. It
4 also used -- their study's limited to the
5 Northeast, but the data is available for all
6 regions.

7 So this is something that we could
8 actually extend to all of the regions, and
9 come out with good indices for looking at
10 industry concentrations, and I think that that
11 information would be very useful for future
12 modeling, as well as for describing what's
13 going on in these industries.

14 I went fast. So some of the
15 upcoming research that we have going on, we
16 have a number of economic surveys of fishing
17 related businesses in the Gulf and in Alaska,
18 and we have some pilot studies that are going
19 on in Washington and Oregon. The work that we
20 did in the Gulf, it created inventories of
21 fishing firms, but it didn't give us a lot of
22 information on the firms themselves, how many

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1 people they employed, their revenues, and so
2 you didn't really -- you know number of plants
3 that were affected, but you don't really know
4 the scale of the operations. So you really
5 can't say a lot about the industry overall.

6 But it didn't give us this great
7 frame for identifying the firms, and being
8 able to contact these people.

9 In Alaska, their data collections
10 are in two regions of Alaska, and then we just
11 have some pilot studies going on in Washington
12 and Oregon of a few communities.

13 The West Coast port study that I
14 showed you, and the Northeast agglomeration
15 study are well positioned to be extended to
16 other regions. Cindy's port study, she worked
17 to compile all of the data and track these
18 trends. Clearly, the other regions could be
19 working with their commissions and sign
20 centers to compile comparable data and look at
21 these trends.

22 The Alaska Science Center has been

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1 doing a number of studies on the effects of
2 climate on ports and fisher location choice,
3 and this is some of our best modeling, I
4 think, on looking at climate effects, on
5 working with the biologists to see how the
6 stocks will shift over time, how they're
7 expected to shift, and then tracing that
8 through the fleets and then back to the
9 community level.

10 So this will be some early research
11 coming out, and then we have some limited
12 ethnographic studies in Alaska, Hawaii and the
13 Northeast, and so that's finding out more
14 about the crews, where they're going, how
15 they're affected by various trends in the
16 industry.

17 Hawaii and Alaska, you're looking
18 at native populations, Pacific Islanders. So
19 just providing more industry on social
20 networks and so forth.

21 Research needs, we really need to
22 expand our data collections on fishing

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1 communities. We need to know a lot more about
2 these shore side firms, a lot more about crew,
3 a lot more about the fishermen, and then we
4 need to establish better research program
5 priorities.

6 I think you guys can see that we've
7 created a critical mass of research. We've
8 completed this Tier 1 community profiles, and
9 we're on to our Tier 2, but we haven't laid
10 out a research agenda beyond that. So we're
11 kind of at a good point. We've got a few
12 studies that we can build from, a few really
13 good studies that we can build from, and I
14 think now we're kind of positioned well to
15 take this more to a national level, and decide
16 what's relevant in each region, and how to
17 appropriately expand outward.

18 I think developing community
19 resiliency indicators, we're well positioned.

20 We've compiled a lot of the data necessary
21 for that, and with the 2010 census not that
22 far away, I think developing those now, and

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1 then later after the 2010 census, would be
2 really quite interesting and useful to do.

3 And then developing this addenda
4 for undertaking research to look at climate
5 change, population growth, real estate trends,
6 housing market trends, energy, trade,
7 regulation, I think that's kind of where we're
8 positioned right now.

9 And that's all I have.

10 MR. BILLY: Thank you very much.

11 Are you going to be around after
12 the coffee break?

13 MS. CURTIS: Yes, I am.

14 MR. BILLY: Okay. Any immediate
15 questions? Yes.

16 MR. O'SHEA: Some of the things
17 that you mentioned towards the end here seem
18 to track with some presentations I've seen by
19 NOS to the CZM community that are also looking
20 at climate change, areas that are going to be
21 impacted by change in sea level, that type of
22 stuff.

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1 So my question is how much linkage
2 is there between what you're doing and what
3 those folks might be doing over at NOS and
4 CZM.

5 MS. CURTIS: Well, I think that a
6 lot of the data will likely be that we'll
7 share data or be looking at, you know, the
8 same data set. I'm not sure if -- we're
9 answering different questions. So I think the
10 research will actually tend to splinter. I
11 think what they're looking at for coastal
12 resiliency is, and I guess we'll find out more
13 about this this afternoon, is looking more at
14 storm related activities and other types of
15 activities.

16 I think we're trying to maintain
17 that fisheries focus.

18 MR. BILLY: Okay. Heather.

19 MS. McCARTY: Do you find that the
20 lack of understanding and information about
21 these coastal community aspects is because of
22 a lack of data? Is it the data collection

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1 that's sparse, or is it money to do the
2 research and modeling, or what is it that
3 keeps that information from being available?

4 MS. CURTIS: It's both. You know,
5 the community profiles, we did the long form,
6 you know, the more detailed community profiles
7 in the Gulf of Mexico, very fortunately,
8 because that positioned us well for looking at
9 Katrina, but we didn't have money to do long
10 forms in all regions. So we're doing, you
11 know, kind of a more satisfying approach, is
12 that Tier 1 of getting a lot of low level
13 information quickly.

14 MR. BILLY: Okay. Randy.

15 MR. CATES: I noticed you had
16 aquaculture as a risk, but have you guys
17 looked at how aquaculture can support coastal
18 communities and support the fisheries like
19 keeping processing plants open year round?

20 MS. CURTIS: Right. No, that's a
21 good point. That's a really good point. So
22 for some, aquaculture creates a change. It's

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1 a change, so people have to adapt to that, and
2 some groups will be positively impacted, and
3 others will be negatively impacted, and so
4 that's something we need to be looking at more
5 carefully, and not just lump something that's
6 bad for one group as bad, and understanding
7 how they interact.

8 MR. CATES: Or as a follow-up, how
9 we could change the fishing rules to support
10 the communities better. In other words, if
11 you have a short fishing season, it may not be
12 the best thing for your community to keep the
13 businesses open.

14 MS. CURTIS: Right, and so that
15 would just require more information on, you
16 know, what are those crew doing during the off
17 season. We actually got some really
18 interesting data from the IRS that shows many
19 household, fishing households, income is drawn
20 from multiple sources, but we don't know what
21 those other sources are.

22 It could be, as you suggest, from

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1 aquaculture, or it could be, you know, maybe
2 the spouse is a teacher, a banker. You know,
3 we don't really know.

4 MR. BILLY: Larry.

5 MR. SIMPSON: I just want to
6 support the kind of work that Rita and them
7 are doing. It's non-sexy, you know. It's not
8 save the world. It's the long-term picture
9 that's the baseline for all of the decisions
10 that you try to make. The very first thing
11 that you're going to do after a storm is try
12 to quantify it in some fashion, to get it down
13 to numbers. And if you don't have this kind
14 of information, I mean, you're going to be - I
15 don't want to use the old Southern term - but
16 anyway, you're going to be behind the eight
17 ball.

18 (Laughter.)

19 MR. SIMPSON: And you've got to
20 have this kind of information. That's the
21 first thing that you want to know is how bad
22 was it, and what's it going to take, so forth

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1 and so on. Just a small, tangential thing
2 about some of the data that we need for
3 fisheries. We don't have enough money to do
4 all that we need to do in biology, and we
5 don't have enough money to do the economics
6 and so forth, but the new wave and the new era
7 of fisheries is how does it affect you and
8 when.

9 You know, if you have this bag
10 limit, how does that affect you? How does it
11 affect this community. I mean, it's just
12 important.

13 MR. BILLY: Okay. Tom.

14 MR. RAFTICAN: Yeah. You do an
15 awful lot of work on fishing communities. How
16 do you define a fishing community? Is this
17 strictly geographic terms?

18 MS. CURTIS: It's place based.
19 It's place based, and that's one that we
20 struggled for for a bit, but they decided
21 that's the appropriate definition.

22 And then the criteria that was set

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1 is, you know, you're looking at a host of
2 factors in terms of engagement in fishing,
3 where do people live, where do they land fish,
4 the other industries, looking at those as
5 well.

6 So I know for the West Coast
7 fisheries, we've got fishing communities over
8 in Virginia that are impacted by -- they're
9 included in the West Coast fishing community
10 profiles because they're that impacted by what
11 goes on.

12 MR. RAFTICAN: I was thinking in
13 terms of recreational fishing, too.

14 MS. CURTIS: Yeah, they're part of
15 it.

16 MR. BILLY: Jim.

17 MR. GILMORE: I hope this doesn't
18 seem frivolous after talking about natural
19 disasters, but thinking about all of these
20 species from the seafood cards that are being
21 put out now, swordfish boycotts, Greenpeace's
22 press release about the pollock fishery

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1 collapsing, don't eat pollock, I'm kind of
2 curious whether NMFS has -- anecdotally, I'd
3 have to say that I don't know, because there
4 have been impacts on the fishing community
5 from all of these don't eat this species kind
6 of campaigns that are out there, I'm just
7 curious whether the agency has looked at that
8 at all.

9 MS. CURTIS: I would say we haven't
10 looked at it at the community level. I know
11 that there has been some research done. Like
12 on the -- there was one for swordfish some
13 years ago, you know, save the swordfish, and
14 the impact of that was to bring down prices,
15 and so the NGO's campaign was highly
16 successful in reducing demand for swordfish,
17 but that was not traced back to the community
18 level.

19 So again, it's kind of going the
20 extra step to look at how those impacts are
21 distributed that's important.

22 MR. BILLY: Dorothy.

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1 MS. LOWMAN: Well, I started my
2 career 30-some years ago as an associate, and
3 every year, you know, we always say we need
4 more of this kind of information, and it never
5 hardly ever raises above that line to get some
6 funding. You know, I mean, it's good to see
7 you doing some of these community profiles,
8 but a lot of that work also seems very
9 snapshot in nature, and I mean a lot of the
10 allocation hypes are always couched in terms
11 of, well, I need this because I provide more
12 benefit to the community than you do.

13 And so, you know, it is nice to see
14 you starting to look at how can we do some
15 more predictive modeling, and do things that
16 are more dynamic in nature, too, than sort of
17 snapshots because it is a crying need, you
18 know, but it's been a crying need for 30
19 years, and it seems like we haven't made too
20 much progress in that area.

21 MR. BILLY: Bill.

22 MR. DEWEY: Thank you, Mr.

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1 Chairman.

2 I just wanted to follow on to that
3 point, and say that, to complement the fishing
4 community data, I think there would be some
5 real value in NOAA, as you're trying to
6 encourage the development of aquaculture, to
7 go in and contrast some of the communities
8 around the country that are founded on
9 aquaculture.

10 You certainly have that in
11 Washington State, we've got some counties that
12 shellfish aquaculture is the major employer in
13 those counties, or in Maine, with the salmon
14 farming industry, or in Cedar Creek, Florida,
15 with the clam farming industry. Just to have
16 those as a comparison, or to complement the
17 data from the fishing communities. You know, I
18 think what you'll see, and Randy alluded to
19 that, you know, is more stability in your
20 infrastructure and so on when you have that to
21 complement your live fisheries.

22 MR. BILLY: Okay. Mark.

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1 DR. HOLLIDAY: Rita, just following
2 up with a comment, Heather and Dorothy
3 followed up on the same thread, two capacity
4 issues. One is sort of a leading question,
5 but if commercial fisheries are worth \$4
6 billion ex vessel, and a value added of \$30
7 billion to the economy, and the NMFS budget is
8 \$728 million, what investment are we currently
9 making in these economic research and data
10 elements?

11 My last calculation was less than
12 one cent of every dollar of the NMFS budget
13 goes towards collecting this kind of
14 information. (This is a rhetorical question.)

15 (Laughter.)

16 DR. HOLLIDAY: But the real
17 question is - is given the importance of the
18 data that you provided after Katrina with
19 respect to these community profiles and
20 demonstrating the importance of it, has there
21 been any significant increase in the
22 investment, or the agency's response to that,

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1 recognizing the value to this? Are we getting
2 more money to do these things, or is it still
3 the same pot of money, even though it's proved
4 itself as being critical to policy making?

5 MS. CURTIS: At the time of
6 Katrina, we were spending only about a million
7 dollars a year in our community profiling
8 work, and most of that was eaten up by staff.

9 We have seven FTEs funded out of that, which
10 doesn't leave much for data collection.

11 And I'd say they've been very good
12 at using students, and just squeezing blood
13 from a stone to get to where they got to. In
14 2007, we received emergency funding, or
15 disaster relief funding for the Gulf of
16 Mexico, and so we funded quite a bit of
17 economic and social research, hired an
18 economist out of Gulf states to help us run
19 all of these data collection activities, and
20 that increase was essentially made permanent.

21 We got a comparable increase, permanent
22 increase in 2008.

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1 And so that's where a lot of the
2 new economic data collections on the shore
3 side firms, where that increase is going, is
4 looking more broadly at the fishing industry.

5 That is soon going to be eaten up
6 by FTEs, getting more economists on board. So
7 we've got a bit more funding, but you know,
8 that needs to go for ecosystem research, the
9 community research, other economic issues,
10 fishery management issues, LAPP issues.

11 So it gets spread really thin.
12 We're not talking a lot more money for data
13 collection, probably a couple hundred K once
14 you pay for those FTEs.

15 MR. BILLY: Okay. Heather.

16 MS. McCARTY: No, I was just
17 thinking we should have a coffee break.

18 (Laughter.)

19 MR. BILLY: Okay. One more.
20 Patty.

21 MS. DOERR: Can you expand a little
22 bit more on the recreational aspect of the

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1 profiles, and, you know, what you're looking
2 at there, and also, if you go a little bit
3 further into the local economy in terms of
4 both the commercial and recreational impact on
5 local businesses in terms of restaurants, and
6 hotels, and gas stations and stuff like that,
7 do you go further?

8 MS. CURTIS: So the baseline
9 studies that we do, the Tier 1, use whatever
10 recreational data that we have available. So
11 if there's a license frame in the state, we
12 can track that obviously to the fishing
13 communities. Not all states have recreational
14 licenses. So you can be stymied there.

15 We don't -- the recreational
16 fishing effort estimates that we do, they're
17 not available at the community level. We
18 don't have sufficient resolution to be able to
19 do community level trip estimates. So we're
20 kind of limited there.

21 For the longer form, Tier 2
22 assessments, we definitely looked at the

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1 recreational support industries, firms, as
2 well.

3 MS. DOERR: So you take into
4 account the bait and tackle shops, or turtle
5 landings, and all of that that might exist?

6 MS. CURTIS: Yes, in the longer
7 forms that we did. You know, it was great
8 that we had -- for the Gulf that we had the
9 2005 assessments just completed in August of
10 2005, but Katrina kind of made everything
11 obsolete that we did. So we had to go back
12 out after Katrina and redo everything that we
13 had just completed.

14 So it was great that we had it, but
15 then suddenly, you know, you had to feel like,
16 well, now we don't have it, and we had to
17 start from square one. So that's kind of our
18 frustration.

19 You know, I believe somebody said
20 that, you know, they're kind of snapshots in
21 time, and I think that's our main shortcoming
22 is that we've got snapshots, but we're not

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1 able to project outward, or look at issues and
2 be able to see the linkages across multiple
3 industries.

4 MR. BILLY: Okay, Gary. You have
5 the last word.

6 MR. REISNER: Well, I just wanted
7 to say, in our economic and social science
8 programs, we've had an increase on the order
9 of \$6 million that we've been asking for for,
10 gosh, going on four or five years now that we
11 haven't gotten.

12 Again, if you look at the '09
13 President's request, if you look at the House
14 and Senate, that increase is there, but again,
15 it's not enacted yet. So that won't
16 necessarily specifically address the community
17 based information, but it will be a big shot
18 of money, increase in our economic activities.

19 MS. CURTIS: Yeah, and with that
20 kind of increase, for sure, we would do a lot
21 more for the fishing community.

22 MR. BILLY: Okay. We're going to

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1 take about a 15 minute break. I remind
2 everyone about checkout, working out
3 arrangements there, and we'll get back here in
4 about 15 minutes, about a quarter to 11:00.

5 (Whereupon, the above-entitled matter went off
6 the record at 10:32 a.m. and
7 resumed at 10:51 a.m.)

8 MR. BILLY: Okay. We're going to
9 modify the agenda just a little. There are
10 several people that will be leaving over the
11 course of the afternoon to make various
12 flights. So the last half hour of this
13 morning we're going to shift and focus on
14 scheduling the next meeting, and see if we can
15 work that out, and that way, we can get that
16 done when the vast majority of you are here.

17 So if that's okay, we'll do that.
18 Okay? Good.

19 All right. Well let's get back to
20 a broader discussion now. We've heard some of
21 the experiences here in the Gulf, and others
22 have shared similar experiences in other parts

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1 of the country, and the idea was to see if,
2 based on what we've heard, there are some
3 conclusions, recommendations that we should
4 consider with regard to this important area of
5 addressing the fisheries infrastructure, and
6 particularly in times of adverse events.

7 So let me open the floor. And
8 Larry?

9 MR. SIMPSON: We had a conference
10 call to all of the state directors and federal
11 partners, and so forth, and it was unusual.
12 We had a Senate appropriations staffer when we
13 were getting this stuff done, and we begged
14 her to make it more flexible so that we could
15 deal with infrastructure rather than just
16 resource stuff.

17 And that happened in II, but it's
18 in I, as you can see, and you heard Harlon
19 speak to that. He's a fisherman, and he wants
20 some things to happen immediately. He doesn't
21 realize accountability and accounting, and so
22 forth and so on.

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1 And anything you can do to make
2 this kind of declaration, this kind of
3 process, program allowable, more flexible, is
4 better. Now with that comes risk, and you
5 know and I know that with that comes risk, but
6 some of what Harlon says is real good, and we
7 need to take to heart. Some of it is
8 fishermen - and I don't mean this in a bad way
9 - fishermen, if you had a pile of fish, again,
10 in the wharf, they'd gripe because you didn't
11 have a front end loader for them to put it
12 into the truck, you know.

13 So anything you can do more
14 flexible is good. That's my general comment,
15 and speed and the data to make your case, and
16 tried and true partners, it's not something
17 you want to go and get some entity other than
18 the state or a commission to play with.

19 In other words, do not ever go in
20 and take some association and say, okay,
21 you're in charge all the time. You'd better
22 stick with the players that have been around

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1 and done this before.

2 That's my general comment.

3 MR. BILLY: I noted that Harlon
4 mentioned the crop insurance program as an
5 example of one of the programs in the
6 Department of Agriculture. Has anyone looked
7 at the other emergency assistance programs
8 that are available to farmers, as one example,
9 or perhaps other sectors?

10 MR. SIMPSON: Mr. Chairman, it just
11 doesn't work. I mean, it's Christmas trees
12 and fence posts, and we tried to get them to
13 do rules just in case Agriculture was ever
14 pulled in this thing again, and they don't
15 have a clue as to how to make this thing work.

16 It's got to be Department of Commerce.

17 MR. BILLY: Well, let me be clear.

18 It's not doing it there. It's using some of
19 their programs as a model that could be
20 designed specifically for fisheries.

21 MR. SIMPSON: Well, they need to
22 write rules and --

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1 MR. BILLY: You know, that would be
2 done at Commerce.

3 MR. SIMPSON: That could be done.

4 MR. BILLY: I'm thinking Commerce.

5 MR. SIMPSON: And they still
6 haven't done it. I kept encouraging them,
7 trying to work through this issue to write
8 them down, but it's still not done, to my
9 knowledge.

10 MR. BILLY: Others? Randy.

11 MR. CATES: One thing that struck
12 me this morning was how the data is collected.

13 I know fishermen are not the most honest
14 people reporting data, particularly in my
15 region, because usually it meant something was
16 going to get taken away from you later on if
17 you reported it accurately.

18 But the lesson learned was the
19 people that reported data or had violations
20 didn't receive assistance, and that message
21 should get out to our fishermen nationwide
22 that the more accurate you report the data,

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1 and the more of a good player you are, in a
2 time of emergency, you're going to get the
3 assistance, and those that aren't aren't going
4 to get the assistance, and that will benefit
5 our fishers. So somehow we've got to get that
6 message out before the disaster occurs.

7 The Gulf Coast fishermen now
8 realize that, but we need to get that out to
9 the rest of the nation.

10 MR. BILLY: Okay. Sam?

11 MR. RAUCH: So one of the problems
12 is that there's a single pool of mixed
13 resources that deals with both these hurricane
14 and natural disasters, which are sudden, and
15 can they deal with these other fishery kind of
16 disasters that we'll talk about this
17 afternoon.

18 One of the problems to getting
19 prepared, you can't be flexible if you're
20 starting from zero when the hurricane hits.
21 So the best way to be flexible is to have
22 plans in place ahead of time, to theoretically

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1 have a pool of money in place ahead of time,
2 but if it is subject, in my opinion, if it is
3 subject to being siphoned off for these other
4 kind of disasters we'll talk about this
5 afternoon, there won't be any money left when
6 the disaster happens, and so if you're going
7 to make a recommendation about -- you know,
8 there is no standing. There's the \$75
9 million, at least for the moment, but other
10 than that, there's no standing pool of money
11 for which we can say, we will use this money
12 in these ways as a contingency fund.

13 So it's probably going to be gone
14 very soon. When it's gone, there's very
15 little incentive for us to come out and say
16 how we're going to spend money that we don't
17 have, that Congress hasn't given us.

18 And my perspective of the problem
19 is is that there needs to be two separate
20 plans, one to deal with hurricanes, which
21 everybody agrees is a big problem, and the
22 other, though, to deal with these other kinds

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1 of things, and then we would group them
2 together. The hurricane one is going to get
3 siphoned off, and won't be there when we need
4 it.

5 MR. BILLY: Okay. Randy? Mark?

6 MR. FISHER: Yes, thank you, Mr.
7 Chairman.

8 In the State of Florida, the people
9 of Florida just passed a constitutional
10 amendment to create a tax shelter for -- or a
11 deferred tax on, or reduced -- excuse me -- a
12 reduced military compared to other properties
13 around the working waterfront, and any
14 supporting marine infrastructure.

15 And I know this doesn't relate to
16 the emergency aspect, but it might be nice if
17 the federal government could somehow support
18 that effort. And teeing off of what Randy was
19 saying, the whole thing comes down to data,
20 and in the Gulf region, we're really deficient
21 in data relating to fishermen and the resource
22 itself.

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1 And if we could support the
2 budgeting to create more data stream, that
3 would be excellent.

4 MR. BILLY: Okay.

5 MR. SIMPSON: I wanted to bring in
6 that working waterfront issue, but there were
7 too many other things going on, and Martin's
8 right. I mean, competition for a marina or a
9 place to do business, unless you own it like
10 Martin does, and the Bells and other folks --

11 MR. FISHER: No, I don't, but thank
12 you.

13 MR. SIMPSON: Well, I mean it's
14 people like that that have a history and have
15 it, they're the ones that are going to be able
16 to handle it, but competing between fisheries
17 and condos, and fisheries and casinos, and
18 fisheries and big time marinas, you're going
19 to lose, and it's just going to keep
20 contracting, and contracting, and contracting.

21 So Martin's state in Florida has a
22 working waterfront kind of issue. In

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1 Mississippi, they're trying to come away from
2 the front beach and go into the Back Bay of
3 Biloxi and buy up that land, you know, while
4 they get a chance, and dedicate that to
5 commercial and recreational marinas.

6 I mean, in Orange Beach, you've got
7 tourism and so forth, and I'm talking about
8 some huge marinas that you cannot pass the
9 money up that they offer these guys that own
10 this land, and you're spaced for your boats.
11 I mean, commercial as well as cargo. I mean,
12 you're in bad shape, and it's the same way all
13 over the country, and if we don't do something
14 as a policy to keep that, we're going to be in
15 big trouble, because there's only so much of
16 this land, and it requires that interface, and
17 everybody and their brother wants to get here.

18 That's a real issue, working waterfront, land
19 access, and it's both commercial and
20 recreational.

21 MR. BILLY: Martin.

22 MR. FISHER: Well, just to further

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1 that idea, infrastructure is the backbone of
2 both the commercial and the recreational
3 fishery. Without the infrastructure, you
4 don't have it. We saw that in testimony
5 today, and I believe that Mr. Simpson's right.

6 Maybe Larry's right that this Committee could
7 get some support from NOAA to work on the
8 working waterfront.

9 Isn't there something currently
10 happening on that level?

11 DR. HOLLIDAY: Yes. We're going to
12 hear a little bit about working waterfronts
13 from our NOS, National Ocean Service
14 representative on this afternoon's agenda.

15 MR. BILLY: We can maybe hold that
16 until we hear that discussion.

17 Dave?

18 MR. WALLACE: You know, this is a
19 true quandary, and as Larry said, it's
20 happening everywhere, and many states -- I
21 know more about the East Coast than I do about
22 anything else, but if you go up in Maine,

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1 there were a whole series of oystermen who had
2 these little houses on the water, and had a
3 little pier, and made lobster traps. And
4 somebody from New York came along and offered
5 him \$2 million for his house, and you know, he
6 paid 20,000 for it, he just couldn't say no.

7 But he immediately then complains
8 that he doesn't have any place to conduct his
9 fishery out of, which is, you know, it's the
10 other side of that coin. So you see, in
11 Maine, you know, initiatives to set up areas
12 that the state would buy, et cetera, and I
13 guess I'm going to say clearly, you know,
14 individual fishermen can't have it both ways.

15 But all that said, there are two
16 obvious things that need to be done. First of
17 all, fishermen need to be profitable enough to
18 be able to afford expensive property, because
19 they have to compete with everybody else who
20 wants to do it.

21 And second, fishermen have to work
22 together to form cooperatives in some way so

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1 that they, if they are small scale fishermen,
2 so that they can justify the expense of
3 expensive property.

4 One of the companies that I
5 represent operates very large vessels, a large
6 fleet of large vessels. They have two
7 unloading docks right in the middle of
8 Atlantic City, which are very, very valuable,
9 but then the other side of the coin is, if you
10 allow consolidation under IFQs or IPQs, or
11 other forms of LAPPS, where then companies can
12 become big enough so they can compete for that
13 land to operate their businesses out of, that
14 is the other way to do it.

15 The menhaden industry can spend the
16 money necessary to own the land that they need
17 to build the plants on. The clam industry can
18 do that. So if you get economies of scale
19 from an independent company, an individual
20 company, where economies of scale are very
21 cooperative or collective, those are the kinds
22 of things that NMFS and NOS must support and

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1 advocate to give these folks the ability to
2 compete with developers.

3 Now the developers are beat down
4 right at the moment, but they'll be back.
5 They'll be back soon.

6 MR. BILLY: Okay. Heather.

7 MS. McCARTY: Interesting. Thank
8 you, Mr. Chairman.

9 To get back to the Gulf, the other
10 issues here, what I heard from industry, and
11 Harlon in particular, were a couple of things.

12 One of them was the barrier islands. You
13 know, that seems like such a huge issue, I'm
14 not sure how anyone can deal with that. Can
15 you rebuild barrier islands?

16 Harlon said it, and Larry said it.

17 That's one thing.

18 The second is this preparation
19 before the disaster, and I think you addressed
20 that a little bit. I think that's obviously
21 something that we should draw from this.

22 And the third thing that I heard

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1 him say was that you need a different way of
2 both allocating and distributing whatever
3 money does come down the pike for disaster
4 relief, and he referred to politicization of
5 that process, and I'm sure that's a pretty
6 sensitive subject, but it seems to me that
7 those were the three messages that he had.

8 MR. RAUCH: Can I address the
9 barrier island issue?

10 NMFS, in working with the Corps and
11 the States of Louisiana and Mississippi, and
12 undoubtedly other partners, does have a very
13 aggressive program to build barrier islands
14 just south of here in the Bay. They cost
15 about 20 to 30 to \$40 million a piece, but we
16 take dredge sand out of the Gulf and put it
17 down there, and they do all of the material
18 designs, and they're designed to wash away
19 within 20 years, because that's what barrier
20 islands do, but the idea is they'll provide
21 sediments, and build it up, and so we're
22 actively engaged in a massive program to try

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1 to recreate these barrier islands.

2 It's difficult to do, but you can
3 build barrier islands, and we do that with the
4 Corps. I've been on them. It's phenomenal.

5 MR. BILLY: Larry?

6 MR. SIMPSON: I can't remember what
7 I was going to speak to.

8 MR. BILLY: Okay. Randy?

9 MR. FISHER: We have quite a bit of
10 experience with disaster relief over the last
11 couple of years. When the Klamath disaster
12 happened, we handed out 60 million, and now
13 we're handing out 170 million. We've handed
14 out 68 million since October 1st.

15 The interesting thing is, to me, is
16 the attitude by the fishermen, number one, and
17 that is they now think this is going to happen
18 every year, and they won't be able to figure
19 it out when it doesn't happen why it isn't
20 happening.

21 We've heard every excuse known to
22 mankind, and really what it comes down to,

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1 when we designed the program, we ended up with
2 the last one going to the governors, and I
3 told everyone when we were involved with this
4 that we needed to have somebody to blame,
5 because it always comes down to that.

6 And NMFS actually wasn't involved
7 in really the design of the program at all,
8 which was good. The commissions, I believe,
9 in my mind are set up really well to
10 distribute money, because we can do it fast.

11 I think the only advantage in the
12 disaster relief is that it at least keeps some
13 people going for a year or two. I don't think
14 it's a particularly good thing. I think they
15 should have a pot set up somewhere, and then
16 not have a lot of -- have a lot of
17 flexibility, because I believe in each area
18 these are going to be different, but you've
19 got to get the governors' offices involved
20 somehow, because ultimately, it does come down
21 that you're not going to make everybody happy,
22 and then they're going to want to blame

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1 somebody, and you need to be able to figure
2 that out.

3 MR. BILLY: Okay. Go ahead.

4 MR. SIMPSON: You know, the
5 flexibility I was talking about was what you
6 can spend without spending it on resource
7 stuff, you know, oysters, shrimp, et cetera,
8 but what we really wanted to do immediately
9 was build some of these docks back, and ice
10 houses and so on. You couldn't do that until
11 the second. That's what I was talking about
12 flexibility.

13 MR. CATES: Larry, is that because
14 you had a resource for the fishermen to go to,
15 but they just couldn't get to it?

16 MR. SIMPSON: Well, yeah. We
17 begged them on a conference call to let us do
18 infrastructure stuff. And they said, no, we
19 want just resource related. I knew what was
20 going to happen.

21 MR. BILLY: Who's they?

22 MR. SIMPSON: Senate Commerce

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1 Committee. Gary, you were on that.

2 MR. REISNER: Well, the issue for
3 those were that the language was explicit
4 about what it could be used for. So we were
5 hamstrung by that. MR. BILLY: And

6 that speaks also a little bit to the
7 flexibility in the sense of --

8 MR. SIMPSON: Yeah, I'm looking
9 ahead.

10 MR. BILLY: Yeah.

11 MR. SIMPSON: Not back.

12 MR. BILLY: Right, correct. Okay.
13 Steve?

14 MR. JONER: I want to say, when
15 Randy hands that money out, I don't think it's
16 a good thing. Don't quote me on that around
17 the fishermen, but --

18 MR. SIMPSON: I know you've tried
19 to get a bunch of it.

20 MR. JONER: I know, and I look at
21 that, and I think, well, define money, but you
22 know, I mean, it's not - what should I say

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1 here - it's not really helping the fishery,
2 and you know, I think this is where something
3 like an active demonstration project for, you
4 know, fishing communities doing aquaculture,
5 you know, when you talk aquaculture around
6 fishermen, it's bad because it's competition,
7 but if they get beyond that, and look at maybe
8 what's happening in places like Japan, where
9 they came in where, you know, the industry was
10 dead, and revived it through aquaculture and
11 stock enhancements.

12 And I remember the first time I
13 ever met Randy was at Manchester back during
14 the Penny Dalton era, and you gave a slide
15 presentation, and you know, we asked them,
16 would NMFS do a demonstration project with the
17 community, because in the State of Washington,
18 it seems like the money always goes to
19 something like developing tourism. So it
20 started with when the spotted owl situation
21 shut down logging. It was they'd turn all the
22 loggers into tour guides, and then when

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1 disaster hit with fishing, we'll turn the
2 fishing community into tourist destinations,
3 and so you're just really undermining the
4 industry.

5 And somehow we need to step forward
6 and say, here's a better way.

7 MR. BILLY: Randy.

8 MR. CATES: I'm trying to figure
9 out on all of these hard issues. I'm glad you
10 said that, Steve. Where's MAFAC's role in
11 this, number one?

12 And federal fisheries money. A lot
13 of issues we're talking about are state
14 issues, state zoning. It's a kind of
15 correlation. I can see rebuilding fisheries,
16 but I can't make that gap there. How do you
17 go from federal money for federal fisheries,
18 and then you're putting it in for basically,
19 if I understand right, state infrastructures?
20 Is there a conflict there?

21 MR. BILLY: Sam?

22 MR. RAUCH: I think that MAFAC's

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1 rule is broader than looking at any one
2 disaster, but trying to figure out what we
3 should be doing if money was available, and
4 the issue is fishermen, nationally, are often
5 under attack, particularly when we have over-
6 fished fisheries, and when we put in
7 regulations to put them on a more manageable
8 tact, then there's going to be economic
9 dislocations.

10 You can't take an over-fished
11 fishery, and bring it to a sustainably fished
12 fishery without economic harm. Then the
13 fishermen come in and ask for disaster
14 assistance because it's a disaster, and they
15 suffer. People are suffering because of that.

16 We get a lot of skepticism about
17 whether or not we should be doing that, and
18 what should be the goal to do. Should we try
19 to restore the fishing communities to the way
20 that they were before, which in some instances
21 were unsustainable? Should we take advantage
22 of either our own creation of regulatory

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1 issues, or a hurricane, which has, you know,
2 created capacity reduction, and not try to
3 restore it?

4 And if we're not restoring what was
5 there before the disaster, then what should be
6 the goal? Should we really use fisheries
7 policy to maintain the full breadth of what
8 was there before, to maintain the status quo,
9 which we get a lot of pressure to do?

10 After Katrina, we got a lot of
11 pressure to restore the status quo, when in
12 fact, it turns out that we needed to reduce
13 shrimp effort because of red snapper bycatch
14 in the Gulf, and the combination of fuel
15 prices and Katrina and a lot of shrimp boats
16 had the effect, although I don't think anybody
17 would have wanted to go there in that way, but
18 had the effect of decreasing shrimp efforts,
19 which solved some of the red snapper bycatch
20 problems.

21 So should it be the policy of the
22 government to be flexible and do everything we

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1 can to restore people to what they were, or do
2 you take advantages of situations like that
3 and try to achieve broader economic goals?
4 And then how are you going to do it?

5 So I mean it's a complicated
6 question, but that seems to me what MAFAC is,
7 rather than focusing on what could we do
8 better in Katrina, or what could we do better
9 in the West Coast, is how should we be
10 spending any federal monies that became
11 available? What policies should we try to
12 achieve with that?

13 MR. CATES: I'm glad you brought
14 that up.

15 MR. BILLY: Okay. Eric?

16 MR. SCHWAAB: Yeah, I was kind of
17 thinking the same thing, which is what's the -
18 - and Sam just put some of those thoughts on
19 the table -- but it seems to me there are a
20 couple of things at work here, and one is that
21 the current system is very reactive. You
22 know, we're not thinking ahead to some of

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1 these issues, which creates kind of fertile
2 soil for a politically driven response.

3 So it's very difficult to come in
4 and say, you know, in the midst of a Katrina
5 disaster and say, well, we shouldn't really
6 rebuild this the way that it was, because it
7 wasn't sustainable the way it was, when in
8 fact, if we had a more sort of planned
9 response, a better sort of a regulatory
10 framework going in, that there would be some
11 more rational, preplanned approach to the use
12 of, you know, these disaster funds.

13 The other thing that I think is a
14 bit problematic, and you know, I think to some
15 degree it's unfortunate we're having this
16 discussion without the benefit of the
17 afternoon session, because they really both
18 feed into the same set of questions, but you
19 can't necessarily equate the kind of disaster
20 relief that's needed in a Katrina type
21 circumstance with the kind of, quote, disaster
22 relief that might be needed in response to,

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1 you know, some kind of a long-term decline in
2 habitat quality or, you know, in the midst of
3 some kind of regime shift.

4 And it seems to me that we need to
5 be -- I mean, there's one pot of disaster
6 money, and the rules that might apply in those
7 circumstances are going to vary dramatically
8 depending upon, you know, sort of the
9 acuteness of the event.

10 The last thing that I would say,
11 and I think, Tom, you sort of already touched
12 on this already, is that back, to the first
13 point, you know, we don't really have a plan,
14 and there are models out there, and we've
15 heard some of them alluded to already,
16 particularly in the agriculture arena, that
17 run the gamut from, you know, things like crop
18 insurance to, you know, sustaining the
19 infrastructure necessary to support that, you
20 know, economic activity.

21 And I think there are some lessons
22 that could be drawn from the agriculture

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1 world, and perhaps transferred in some fashion
2 into NOAA to sort of establish a framework for
3 longer term, more proactive planning around
4 some of these challenges, and that maybe
5 that's the role that MAFAC can sort of help
6 facilitate.

7 MR. BILLY: Thanks.

8 Dorothy?

9 MS. LOWMAN: Well, I mean, I guess
10 I do think that just trying to rebuild
11 something that's going to be unsustainable,
12 again, is not a good government investment.
13 One thing I know, there was some attempt to
14 look at capacity reduction as part of this,
15 but I don't think, maybe I slept through it,
16 but I don't think we really talked about it
17 this morning at all.

18 And I'd be interested just in
19 hearing, how did you structure that a little
20 bit, and what were the work at all, and, you
21 know, if you were going to do it again, you
22 know, what were the lessons learned from that

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1 that might be useful in thinking of a more
2 national policy as you go forward?

3 And you know that there are certain
4 things in a fishery that you don't want to
5 just rebuild an unsustainable system. I don't
6 know who's the right person to ask.

7 MR. BILLY: Larry?

8 MR. SIMPSON: It's a conflicts
9 issue, and you're starting it, and I'll get to
10 this. In my opinion, if I was a dictator,
11 then I would be a -- I have a finite, short
12 period of time and money in which I would
13 infuse money to the fishermen themselves, not
14 because they're special, but because you want
15 to keep that expertise. Okay?

16 But I would make them do something
17 for it, like give you a report, clean up
18 debris. Then after that, I would make it
19 flexible enough to allow you to do something
20 like Harlon said, put these floating ice
21 plants and mobile ice plants, have them set up
22 and ready to go.

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1 Then I would, as somebody talked
2 about, make them whole. I don't think you
3 should ever make anybody whole after a storm
4 back to where they were, but I think you
5 should look at docks and things of that nature
6 just like you look at roads to your houses.
7 That's where you should go, but it should
8 never make them 100 percent whole, and it
9 certainly hasn't.

10 So that's that thing, and then the
11 issue of over capitalized, putting it in,
12 making it like it was before, and again, I
13 said I don't think personally that you should
14 make it like it was before. You should bring
15 it to a point, but that's about as far as you
16 should go.

17 We have done limited permits on the
18 shrimp issue, and economics has weathered the
19 storm, and heaven forbid that is the hardest
20 and long way to ever have to do this, but it
21 did have some benefits.

22 Where is the level when you bring

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1 it back? We've kept it, and it's down, I
2 don't know, under 60 percent. Sixty percent.
3 It's nothing like it used to be. Shrimp was
4 king. Where is that percent that you let it
5 get back to? Because there's economies of
6 scale, okay, and you can get down to lower
7 than a critical mass, and then where are you?

8 And I don't know where that is. I don't know
9 where that line is, but it's no lower than
10 where we are right now, let me tell you that.

11 So those are some general thoughts,
12 I think, that kind of addresses some of these
13 things, you know. Flexibility in the sense of
14 getting them back working, it's like roads.
15 You know, working waterfront, keeping them in,
16 not making them 100 percent whole, but helping
17 them, you know.

18 And Steve was a sage here. I don't
19 like that give away directly to the fisherman,
20 except in that first, initial, finite way,
21 because in the long run, that doesn't help the
22 fisheries. In the long run, which of course

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1 fishermen don't like, you heard Harlon, is
2 that replanting those oysters, do debris
3 removal so they can actually fish, things like
4 infrastructure, so they can get their product
5 out. Those are the kind of long-term things
6 that you need to address.

7 Habitat, that's a big ticket item,
8 but I mean, those are the kind of things that
9 you should have the policy to deal with, and
10 we should listen to everybody, try to
11 incorporate everything we can. That's what I
12 would do.

13 MR. BILLY: Should we capture some
14 of this on paper as sort of MAFAC, some
15 guidance to the Secretary?

16 MR. SIMPSON: I don't know how to
17 use the --

18 MR. BILLY: No, I understand, but
19 we can look at it in the context of some of
20 our other experiences around the country.

21 Cathy.

22 MS. FOY: At some point in the

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1 future that may be a good idea, but I
2 personally would like to chew on this for a
3 while first before I could be content with
4 anything put down on paper and feel like I
5 have really thought about it quite a bit.
6 Every disaster is different.

7 I really thought that Eric was well
8 spoken when he said that the disaster of
9 Hurricane Katrina is completely different
10 than, you know, the salmon stocks not coming
11 back, and you shouldn't just throw money at a
12 problem that it's not going to help it.

13 Exxon-Valdez was a monstrous
14 disaster, and because it was not a government
15 thing, there wasn't immediate government
16 relief, and there is not going to be any oil
17 relief, but you know what? Fishermen are
18 resilient. They are some of the most vocal in
19 their disappointment and their angst, but if
20 you just let them wallow in it for a while,
21 they restructure, and they then do what needs
22 to be done. So I really think we need to

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1 consider what type of disasters we're talking
2 about and whether or not it will help the
3 long-term economic focus of the nation to have
4 a fishery in place.

5 MR. BILLY: Okay. Dave and then
6 Eric.

7 MR. WALLACE: Well, I think that's
8 a really good point. I'll just frame it a
9 little differently. What is a disaster? Let
10 me suggest that I know a lot of people who
11 think that the collapse of the New England
12 groundfish is a disaster. Now, if you look at
13 who collapsed the groundfish fishery, the same
14 people who now say it's a disaster and want to
15 be bailed out, and so I think if you're going
16 to get into public policy, you need to be very
17 careful on the semantics, you know. Senator
18 Snow has already asked for monies to support
19 her fishermen because there's a disaster that
20 fisheries has collapsed.

21 So I think that we need to be
22 careful when we get into it. I do think that

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1 we ought to draft a policy document that talks
2 about major, major catastrophes like these
3 hurricanes that have hit the Gulf states and
4 hurricanes that have hit Florida, but I think
5 that it needs to be a very carefully drafted
6 document.

7 I'll be happy to work on it with
8 other people if we want to go down that path
9 to see if we can make a non-financial policy
10 statement to NMFS, you know, or to NOAA
11 because I don't know where we're going to go
12 find money in the future. You know, I agree
13 with Larry. It would be great if we have
14 portable plants on wheels and stored in
15 trailers, a hundred different stainless door
16 tank trailers that were sterilized to put
17 potable water in, and you have a disaster and
18 you fill them up with water, you hook a
19 tractor to them, and you pull them down to
20 wherever they need to go. That's all going
21 good.

22 I don't see the federal government

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1 funding that at this time, you know, and so
2 now we need to have a broader policy statement
3 on things that they can look into.

4 Thank you.

5 MR. BILLY: Vince.

6 MR. O'SHEA: Mr. Chairman, maybe
7 one thing that I'm sort of hearing is a set of
8 principles might be a way to start because
9 there's a lot of overarching themes, what
10 everybody has said so far this morning, and I
11 think that might be a way to start and get
12 this thing because you're absolutely right.
13 There's all kinds of different things, but
14 there are, I think, some central themes here
15 that would lend themselves to principles that
16 MAFAC might consider giving advice, and that
17 would be helpful.

18 MR. BILLY: Randy.

19 MR. CATES: I have a question for
20 Sam. In disaster relief if we develop a plan,
21 how much flexibility do you have or is this a
22 pure political thing where you're directed to

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1 spend it on fishermen or oysters or whatever?

2 I mean, what's the experience?

3 MR. RAUCH: Well, it's mixed
4 experience. Our disaster declaration has
5 basically been meaningless. We've spent a lot
6 of time on it, and try to make rational, sound
7 decisions, and in the end Congress will choose
8 not to fund them, and then they will fund the
9 ones where we say no.

10 So we really are influenced here by
11 the language of the appropriations bill. Even
12 so, there's still a lot of flexibility with
13 what we could do, and the way I view it, is
14 there has been no group that has come in like
15 MAFAC, clearly, and tried to figure out what a
16 sound policy was that the Secretary could then
17 take to Congress and say, Look. In doing
18 these kinds of things you should look at
19 these, sort of principles.

20 It has been very political, and I
21 think ultimately it has not been particularly
22 helpful. We have spent a lot of money on

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1 things that have done no good, and we have
2 missed opportunities to spend money on things
3 that would. So I do think MAFAC's involvement
4 if they did a broad set of principles that we
5 could use, that we could go to Congress
6 appropriators and we're working on a disaster
7 rule that will help our disaster guideline.

8 The sounder basis we have, I think,
9 the more chance that we will do good in the
10 long run. There will always be political
11 decisions, and frankly, you know, Katrina we
12 came out, we rushed out with this disaster
13 declaration before we knew the damage, and
14 ultimately became -- even if we proved the
15 truth, and we did the same thing with Gustav
16 and Ike.

17 When Ike came, like two days later,
18 we came up with the disaster -- we knew
19 nothing about what it was and, frankly, it had
20 some political overtones to it.

21 So it would be better to have --
22 the declaration aside, how we conceptually

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1 should allocate any money to Congress, what
2 kind of money we should seek. That's seems
3 something the MAFAC gives, and it would be
4 quite useful to help steer the political
5 powers that be into a constructive force.

6 MR. CATES: I think what Larry
7 stated was really telling. There are certain
8 steps.

9 MR. BILLY: Well, should this be an
10 assignment for one of our subcommittees,
11 providing time at our next meeting to
12 investigate it further as appropriate and then
13 take a run at drafting principles and
14 guidance? Does that sound like a -- I mean, I
15 like the idea and I introduced it, but I'd
16 like to learn more about not only Ag. perhaps,
17 but how this has been done in other federal
18 and maybe state programs and what we could
19 draw from there, even of a policy nature, not
20 the specifics so much, but we could learn more
21 and then do what Sam just suggested.

22 Go ahead, Eric.

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1 MR. SCHWAAB: Yes, I agree
2 completely. I mean, I think Vince said it
3 exactly right. You know, we could articulate
4 some of them, the beginnings of which could be
5 drawn from the conversation that we've had
6 over the last 45 minutes or so. We could
7 articulate a series of principles and, Mr.
8 Chairman, the idea that there would be a work
9 group tasked with going back through the notes
10 from this meeting and starting to frame that
11 out I think could be for consideration, and
12 actually would be very useful.

13 And it sounds from what Sam has to
14 say that it's ground that really hasn't been
15 addressed by anybody else very effectively.

16 On the other substantive point that
17 I would make in addition to looking at, you
18 know, some lessons from other places is some
19 lessons that we might draw from past
20 expenditure of disaster money. You know, what
21 kind of expenditures have yielded, you know,
22 long term benefits and what kind of

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1 expenditures have just basically been, you
2 know, mindless throwing to the wind?

3 You know, there might be some
4 history in working with staff we could inform
5 some future principles.

6 MR. BILLY: Dorothy.

7 MS. LOWMAN: -- we'll probably
8 encompass a lot of this afternoon in the same
9 broader --

10 MR. BILLY: Heather.

11 MS. McCARTY: I think also
12 something that we haven't talked about very
13 much except maybe the Barrier Islands and the
14 rebuilding habitat. I think that we need to
15 make sure that we have a biological component
16 to the list of principles. The idea of
17 restoration, of habitat restoration of
18 coastline and so forth, I think that's a huge
19 issue.

20 MR. BILLY: Okay.

21 MR. JONER: I just have a question
22 very fast. All upon this? I don't know if

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1 Sam is the one to answer it, but you know,
2 there's all this money, millions of dollars
3 thrown at whatever disasters, such as the
4 hurricane, salmon failures. Is there any kind
5 of follow-up to what was done and what were
6 the results?

7 We just see the money spent. Those
8 programs have to be accountable to the
9 taxpayers, I would think as a taxpayer.

10 (Laughter.)

11 MR. JONER: So who's doing that
12 right now? We may as well start. Let's
13 start, and we could maybe see if there has
14 been any evaluation so that we get an idea of
15 what works and what doesn't because I can tell
16 you what hasn't worked in our area.

17 MR. BILLY: And that's one of the
18 principles.

19 Chris.

20 MR. DORSETT: And to that point,
21 our NMFS folks might know better, but when we
22 geared up after the hurricane to look at how

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1 to best utilize the money for Gulf fisheries,
2 there were some reports on buy back programs
3 especially, and what results you got out of
4 those, and I think they were commissioned
5 opposed to single fisheries acts. I think
6 there are some reports that can give you some
7 good results to look at.

8 MR. FISHER: It's kind of an
9 interesting question if you think about it
10 because, I mean, you could go around the
11 United States and figure out what fishery we
12 need to have a disaster in in order to fix
13 them. So then the question is, well, why
14 don't we fix them to start with so we don't
15 have to have a disaster for Christ's sake.
16 You know, this is ridiculous.

17 MR. BILLY: I hear you.

18 MR. FISHER: I mean, if you don't
19 think it's political, you're nuttier than a
20 fruitcake.

21 (Laughter.)

22 MR. BILLY: Erika.

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1 MS. FELLER: Well, I tend to think
2 that things get a lot more political the
3 closer you are to the actual event, but one
4 theme that kind of came up during this whole
5 conversation is kind of the community
6 stability or community sustainability and
7 resilience in advance, and I think it would be
8 great if this group could also look. Because
9 I know that like FEMA, you know, under the
10 previous administration did a lot of work on
11 community resilience planning and really
12 trying to sort of think about how you think
13 ahead, and it would be really interesting to
14 look at how those lessons can be brought or
15 applied to, you know, fishing communities.

16 Because, you know, in the
17 presentation the thing that struck me was that
18 the disaster was the loss of a shore-based
19 infrastructure. You know, the marine
20 resources are going to bounce back and really
21 in a lot of cases weren't that impacted, but
22 it's that human loss. So it's really

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1 community planning is, I think, at the heart
2 of it.

3 MR. BILLY: Randy.

4 MR. CATES: What Steve brought up,
5 I think, is real important. I think one of
6 the things for us to make an informed document
7 is going to get more information from NMFS on
8 what has worked and what hasn't. It's not
9 going to be a very quick thing. I think it's
10 going to take some time to get that
11 information.

12 So I would ask to start looking at
13 the next meeting or even the following
14 meeting, start bringing us those sets of
15 information.

16 MR. BILLY: Okay. Martin.

17 MR. FISHER: It seems to me there's
18 two different things happening here. There's
19 a response to disaster, and then there's a
20 policy that needs to be made to shore up or do
21 what Randy says. Let's fix it before it's
22 broken.

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1 But no matter how many times we fix
2 it before it's broken, if there's a natural
3 disaster, it's going to get broken again. So
4 there's two different policies here.

5 MR. FISHER: Yes, I mean, it's like
6 if success walked through the door, what does
7 it look like. I mean that's kind of what
8 we're talking about here. I mean, there will
9 be natural disasters based on hurricanes and
10 those sorts of things.

11 There are other disasters that are
12 declared because of stock problems, and those
13 are different issues, and the results are
14 different. And so then you do have to figure
15 out the short-term fix on some of these things
16 which I believe is important because you've
17 got to get money into those communities, and
18 then you've got to figure out, well, as a
19 result of this can you fix it for the long
20 run. And I think that's another issue.

21 And you almost have to go through
22 each fishery and figure out what is the

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1 problem in that area. I mean, the best thing
2 that happened probably in the Gulf was the
3 fact that we had a big ass hurricane that
4 wiped out half of a fishery and they never
5 came back. I mean, you know, you wouldn't
6 have got there if it weren't for that.

7 You know, and the same on the West
8 Coast. We've got a lot of people salmon
9 fishing -- that's a joke, they shouldn't be
10 fishing. But are you going to buy them out?
11 No, you're not going to buy them out because
12 buy-backs don't work usually. So --

13 MS. LOWMAN: And if you keep giving
14 them disaster relief and they're staying in
15 just for the --

16 MR. FISHER: Oh, absolutely. Now
17 we've created a whole a damned mess of people
18 that are sitting around waiting for the next
19 cap, you know, and what is this all about?

20 MR. BILLY: I'm going to wrap this
21 up.

22 (Laughter.)

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1 MR. BILLY: So the take-away from
2 this discussion is that we will spend some
3 additional time further developing our
4 understanding and views on this to the point
5 of targeting the development of a set of
6 principles that we would recommend to the
7 Secretary and NOAA Fisheries, obviously, to
8 guide the approach on natural disasters and
9 I'm assuming also fishery disasters. I'll say
10 it that way.

11 And part of preparation for doing
12 that as we plan the next meeting, we'll
13 allocate a certain amount of the meeting time,
14 either assign it to a subcommittee or a new
15 working group, but it will be open for
16 participation. We'll invite some people
17 perhaps from Ag., perhaps from other places to
18 provide more information about best practices,
19 what's worked, what hasn't, that kind of
20 thing, and then ultimately leading to a
21 specific set of recommendations to the
22 department.

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1 Does that sound like -- okay. Yes,
2 Eric.

3 MR. SCHWAAB: For clarification,
4 you're suggesting that some kind of a work
5 group would not begin until after the next
6 meeting?

7 MR. BILLY: Well, I was thinking at
8 the next meeting, but we could start before
9 that.

10 MR. SCHWAAB: I mean, it would seem
11 to me that we would benefit from at least
12 asking some small group from the minutes of
13 this meeting and this discussion to start
14 laying out those principles in advance, and I
15 don't know to what degree that NOAA staff
16 could help with, you know, some of the other
17 investigations that were, you know,
18 identified.

19 And I would suggest, Mr. Chairman,
20 that maybe we should form that work group
21 later this afternoon so that we can find a
22 chairman among somebody who leaves early.

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1 (Laughter.)

2 MR. BILLY: I was just thinking
3 those that speak --

4 MR. SCHWAAB: That's why I added
5 that last point.

6 MR. BILLY: Yes, I'm sure it is. I
7 think that's a great idea.

8 Vince.

9 MR. O'SHEA: Yes, I think my
10 experience with this group is it has always
11 been a lot more productive when we had some
12 paper in front of us, to begin with, and I
13 think to take this at the next meeting and
14 have somebody have some words in front of the
15 entire group is going to use your time a lot
16 more productively. So I think that's going in
17 the right direction.

18 All it is is a strawman to frame
19 the issues for the discussion.

20 MR. CATES: Sounds like the Vice
21 Chair.

22 MR. BILLY: Eric?

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1 (Laughter.)

2 MR. SCHWAAB: I would be willing to
3 help in some fashion.

4 MR. BILLY: Thank you.

5 MR. SCHWAAB: Sam and Mark have to
6 help me out and not get me cross-wise with
7 Senator Mikulski in this process.

8 MR. RAUCH: In a long-term view, I
9 think you'll be okay.

10 MR. BILLY: So, Chris, you're
11 willing to -- I'm sorry -- Eric, you're
12 willing to lead this group. Are there other
13 volunteers? Okay. Dave, Harlon. Okay.
14 Bill, and then the three Commissioners. Yes.

15 DR. HOLLIDAY: Put your hands back
16 up. Sorry.

17 MR. BILLY: And the three
18 Commissioners?

19 MR. FISHER: Oh, yes. We'll be
20 happy to.

21 MR. BILLY: In your interest.
22 Okay.

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1 (Laughter.)

2 MR. BILLY: That's fine. Bill.

3 MR. DEWEY: I just wanted to make
4 the pitch that this same working group also
5 try to address what's being talked about this
6 afternoon.

7 MR. BILLY: I'm assuming that.
8 Dorothy.

9 MS. LOWMAN: One presentation we
10 have heard today that I'd like not to fall
11 through the cracks is a little bit different,
12 sort of on the socioeconomic data that's
13 needed maybe to help create some indicators or
14 some of the things that might help in either
15 disaster or -- you know, I'm assuming what's
16 going to happen with a change in regulation,
17 and I don't know if it's useful for MAFAC to
18 go on record saying that, you know, the \$6
19 million that hasn't ever been funded really
20 should be a priority.

21 But also I also think, you know,
22 this has always been -- I mean, this has not

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1 changed, you know, the fact that the \$6
2 million never gets there, for years, but I do
3 think we have -- Heather and I were talking --
4 we do have some opportunities as we move
5 toward LAPPs to get more information like
6 this, and I can't remember what the language
7 is in the Magnuson Act, but I really think
8 there could be a role in MAFAC saying that,
9 you know, really there's resistance from the
10 industry to provide some of the additional
11 information that would be useful. But, if
12 you're also getting the right to use a public
13 resource in the way that you're going to have
14 some asset value also, I think you have an
15 obligation to provide some of this information
16 that will help and then provide, you know, as
17 we have more that we can maybe have some more
18 predictiveness of what another LAPP might do.

19 So I would like to see us go on
20 record saying that, you know, in the
21 situations that there be an active economic
22 information requirement for LAPPs as part of

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1 that.

2 MR. BILLY: Would that be part of
3 the working principles?

4 MS. LOWMAN: I mean, it could be,
5 you know, as well.

6 MS. McCARTY: It kind of goes
7 beyond just the disaster. It speaks as well
8 to Randy's other point, which was, let's see
9 if we can understand what needs to be done
10 before we get a disaster, and the only way
11 we're going to understand it is to have the
12 data.

13 We were talking about the programs
14 that are being put in place, including the cod
15 program. The cod program is the only one I
16 could think of right now that has a
17 requirement for data collection right in the
18 program. It's a requirement that's being
19 resisted currently for whatever reason. Maybe
20 because it's not designed right, but there may
21 need to be a funding aspect to that as well,
22 and I can't remember when we were talking, Jim

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1 and I, about whether the three percent or
2 whatever percentage it is for cost recovery
3 that's built into some of these programs,
4 whether that covers that data collection.

5 Maybe some of these folks know.
6 But, obviously there is a funding issue as
7 well as a direction issue, but I agree with
8 Dorothy.

9 MR. BILLY: Could you over lunch
10 have the language?

11 All right. I'd like to shift now
12 and have the discussion regarding the next
13 meeting. We've talked about targeting it for
14 Washington, D.C., potentially moving it up
15 from our typical schedule of June or July to
16 the spring, perhaps earlier than that if it's
17 appropriate in terms of the transition and
18 other events or developments. It's not clear
19 when we'll have an Under Secretary or
20 Administrator or a new head of Fisheries. So
21 those are all factors to be considered.

22 Mark.

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1 DR. HOLLIDAY: Let me just add my
2 two cents to this. It would be good to try to
3 plan out for the 2009 meetings, both of them.

4 MR. BILLY: Okay.

5 DR. HOLLIDAY: And so if that's not
6 too insurmountable, I think that would give us
7 enough time to think through, and if we're
8 concerned about East Coast/West Coast splits
9 and that sort of thing, we can accommodate
10 that.

11 Just one comment about moving up
12 earlier in Washington, D.C. as the location.
13 I think that has been the discussion since our
14 last meeting, but in talking with a number of
15 people, we started thinking about, well, if we
16 get together as MAFAC and we're going to have
17 24 people in a room talking around a table,
18 does that really provide us any competitive
19 advantage in helping to brief people. We're
20 not going to go all en masse necessarily to
21 the Secretary's office to brief people. If we
22 have our strategy about who we want to

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1 represent MAFAC and we have our game plan out
2 there with respect to meeting with the
3 appropriate Hill staff and meeting with the
4 Commerce Secretary or representatives, I don't
5 think it's necessarily required that the
6 entire committee meet and will convene for our
7 three days. There's a convenience factor
8 after a subset want to meet with their
9 representatives on the Hill, but it's not a
10 requirement, I think, if we do our planning
11 and have our representation out.

12 It's an option for you to think
13 about, but I think we've heard Jim yesterday
14 say about being nimble and be prepared. All
15 of this could happen within the next five
16 weeks, these windows of opportunity, and it's
17 hard to plan a target, a date, if we don't
18 know exactly when these opportunities will
19 arrive, and we could be a little bit on the
20 short end if we defer even out to March and
21 April.

22 MR. BILLY: So let's confine it

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1 right now to the next meeting, and then we'll
2 talk about the subsequent meeting.

3 Heather.

4 MS. McCARTY: I think you're right,
5 Mark, about meeting with the transition team
6 and that sort of thing needs to be done almost
7 immediately, I think, and then after that, if
8 there's an opportunity to bring people to D.C.
9 who may not otherwise have the resources to
10 come on their own.

11 I mean, I hate to say that, but
12 it's a good opportunity for people who may not
13 have those kind of resources or work for a big
14 organization or come there anyway. And so
15 during that time, people could go to their own
16 representatives on the Hill and the staff for
17 those folks and use that as an opportunity and
18 then be able to discuss what their reactions
19 were and how people responded to the messages
20 and sort of maybe refined things and worked
21 together in that way rather than 24 people
22 going to every office.

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1 DR. HOLLIDAY: Sure.

2 MS. McCARTY: It's a good
3 opportunity, I think, still even though it's
4 too late for the transition element.

5 DR. HOLLIDAY: Right, and I agree
6 with that 100 percent. I think that's always
7 a positive sort of side benefit of being in
8 town that you can take advantage of those
9 opportunities to make those calls.

10 But someone made the point that,
11 you know, when the Vice Admiral was appointed
12 it was almost a year later, and so if we're
13 targeting to talk to new administration
14 people, there will be a Secretary of Commerce,
15 but there's no guarantee at what point in
16 time. We'll have a NOAA Administration, but
17 there's a new NMFS Administrator. So it's
18 hard to lock yourself into having a meeting to
19 coincide with that when we don't know exactly
20 when that will play out.

21 But whenever you have that meeting,
22 whether it's in March or June, I mean,

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1 congressional representatives will be in place
2 obviously, and you can schedule those things
3 whenever that next meeting is proposed.

4 MR. BILLY: Other comments?

5 MS. LOWMAN: Well, just a follow-
6 up, because, again, on a congressional thing I
7 do think we do know we're losing some of the
8 or are potentially losing some of the
9 advocates for fisheries, and we need to
10 develop some new ones. So at some point,
11 whenever it is, I think that's going to be
12 important.

13 MR. BILLY: Okay. Randy.

14 MR. CATES: If we have a meeting in
15 D.C., I would suggest just allowing an extra
16 day either prior, preferably prior to our
17 MAFAC meeting to travel, and that way whatever
18 we learn we can share at the meeting.

19 I think the big question is going
20 to be in strategy, whether we should have the
21 next meeting in D.C. or following D.C., and
22 that's really what we ought to figure out. I

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1 agree it might be too soon.

2 PARTICIPANT: Too late for some,
3 too soon for others.

4 MR. BILLY: Other thoughts?
5 Anyone? Martin.

6 MR. FISHER: If the Committee
7 decides not to go to D.C., I would like to
8 recommend Monterey.

9 MR. BILLY: Okay.

10 MR. CATES: Anywhere on the West
11 Coast.

12 MR. BILLY: All right.

13 DR. HOLLIDAY: Just to be fair, the
14 last four meetings have been East Coast
15 centric. I mean, the Gulf is not the East
16 Coast, but New York, D.C. and St. Pete. It
17 has been a haul for people coming from West to
18 East and so --

19 MR. SIMPSON: I kind of liked it.

20 DR. HOLLIDAY: I can see why.

21 MR. JONER: I hope this wasn't
22 inconvenient for you.

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1 (Laughter.)

2 MR. FISHER: That's another reason
3 why Monterey makes sense, but somebody who is
4 more familiar with Monterey, like Topher,
5 would be a good person to speak to the really
6 good reasons to go there.

7 MR. HOLMES: There is a national
8 marine sanctuary there. If you guys want to
9 continue your discussions about protected
10 areas. There is also one of -- the National
11 Marine Fisheries Service has one of their labs
12 in Pacific Grove. There's a National
13 Estuarine Research Reserve in the area. It's a
14 historical fishing port. It's an active
15 fishing port, and it can be quite gorgeous at
16 times.

17 MR. BILLY: Having listened to
18 everyone, and monitoring the time, --

19 DR. HOLLIDAY: Topher also has the
20 regional council schedule for the rest of the
21 year. You can put them up there in terms of
22 windows.

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1 MR. BILLY: One of the thoughts
2 that occurs to me is we can be flexible, I
3 assume with the scheduling of both of the
4 meetings, such that if there's some advantage
5 to not think only about the second meeting
6 next year being towards the end of the year,
7 but if there was some advantage to move it up
8 a little bit we could do that.

9 Our fiscal year comes into play.
10 So I don't know financially if that makes a
11 difference or not.

12 MR. CATES: Sam, can I get your
13 opinion on D.C. and planning? What do you
14 think?

15 MR. RAUCH: I think if you go to
16 D.C. in March and April you might could talk
17 to the Secretary's representatives if they're
18 willing, because there will be a Secretary --
19 a spike in past years. There really won't be
20 many people to talk to at the NOAA level.

21 MR. CATES: So should it be the
22 following?

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1 MR. RAUCH: You know, I agree with
2 what Mark said. It's unlikely that this
3 entire group is going to be talking to them,
4 and it's potentially likely that a new NOAA
5 administrator will come to this group when
6 it's in -- if it's in D.C. I think that's a
7 legitimate possibility, and that would be a
8 goal. To meet that goal you might want to
9 have it a little bit later to make sure we get
10 one. I don't think the Secretary is going to
11 come to you, but maybe, but just realistically
12 I think it's more likely that some people will
13 go to the Secretary.

14 MR. BILLY: So talking about June
15 in D.C. and then late in the year on the West
16 Coast somewhere? I see several heads nodding.
17 Heather?

18 MS. McCARTY: I was thinking spring
19 in Monterey and October-November in D.C. I
20 don't know. Just to make sure, if you really
21 do want to target the new NOAA people, I think
22 you need to leave it maybe a little bit longer

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1 judging on history. I don't know, longer than
2 June.

3 MR. CATES: What do you think, Sam?

4 MR. RAUCH: That would make sense.

5 I mean, you could always, as I said, if
6 you're -- I think it's important that you guys
7 figure out the location and you can be
8 flexible on the dates to get a NOAA
9 administration. You could always try to move
10 it up if it works.

11 MR. CATES: I second that thought.

12 I think it's wiser to go that way. We're
13 going to miss our opportunity if we go to D.C.
14 too soon, at least with NOAA.

15 DR. HOLLIDAY: I think we talked a
16 little bit about it yesterday. In terms of
17 supporting travel of one or two individuals to
18 represent MAFAC from out of the Washington
19 area to address transition people, or other
20 people in the administration is feasible, but
21 not a third meeting of 24 people coming to
22 D.C..

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1 PARTICIPANTS: Right.

2 MR. BILLY: So April-May in
3 Monterey and late fall, Washington.

4 MR. CATES: Second.

5 MR. BILLY: Well, we don't have all

6 --

7 DR. HOLLIDAY: To go back to August
8 -- so we look at the April-May thing, make
9 that bigger if you could?

10 MS. McCARTY: Yes, do you have the
11 North Pacific in there? It's at the very end
12 of March and goes into the first week of
13 April.

14 DR. HOLLIDAY: Yes, March 30th.

15 MR. BILLY: So that May period
16 between the 7th and the 18th?

17 MS. McCARTY: North Pacific Council
18 starts March 30th and goes through the first
19 week of April, and then the next one is June.

20 MR. SIMPSON: We can do it the week
21 before the CCC meeting and some of us can
22 extend if we want to stay the weekend and go

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1 on to the next.

2 MR. BILLY: And that's the 18th to
3 the 22nd?

4 MR. SIMPSON: The week before.

5 MR. BILLY: That's in Boston.

6 PARTICIPANT: That's not near
7 Monterey.

8 (Laughter.)

9 MR. SIMPSON: Oh, I'm sorry. We
10 could have all of our meetings in Wade,
11 Mississippi for all I'm concerned.

12 MR. BILLY: That time period, any
13 major conflicts?

14 MR. DEWEY: What's the date range
15 you're looking at?

16 MR. BILLY: Well, between the 7th
17 and the 18th of May. That's Monterey. Yes,
18 go ahead.

19 MR. O'SHEA: I don't have a
20 calendar, but I'm thinking the 7th is a
21 Thursday.

22 MR. BILLY: Okay. So it would be

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1 the following week?

2 MR. O'SHEA: Yes, that would be
3 fine. I mean it works for me.

4 MR. BILLY: Okay.

5 MR. DEWEY: Later that following
6 week would be better for me.

7 PARTICIPANT: The week of the 17th?

8 MR. BILLY: No, it's the week of
9 the 12th.

10 DR. HOLLIDAY: May 2009?

11 MR. BILLY: Yes.

12 DR. HOLLIDAY: Sunday is the 10th.

13 PARTICIPANT: So May 11th is
14 Monday.

15 MS. McCARTY: We might put out the
16 dates, and then --

17 MR. BILLY: We will. We will.

18 DR. HOLLIDAY: We're trying to
19 narrow it down to at least a month.

20 MR. BILLY: Okay. All right. So
21 we've got an approximate time, and we'll
22 follow up and suggest the specific time and

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1 location. We know Monterey, but I need more
2 detailed information. Okay?

3 All right. The following meeting,
4 Washington, D.C. Can we get the fall
5 schedule?

6 MS. McCARTY: And you need to put
7 the North Pacific in there, too.

8 DR. HOLLIDAY: That's October 1st;
9 is that what that is?

10 MS. McCARTY: The first week of
11 October. I don't know --

12 DR. HOLLIDAY: I'm looking on the
13 Website.

14 MS. McCARTY: Yes, okay.

15 DR. HOLLIDAY: One October,
16 Anchorage open.

17 PARTICIPANT: The second week of
18 November.

19 MR. BILLY: The second week of
20 November.

21 DR. HOLLIDAY: Council starts on
22 Saturday.

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1 MR. BILLY: So the second week of
2 November? So the latter part of that week?
3 The second week of November going once? Yes,
4 Vince.

5 MR. O'SHEA: I'm pretty sure that
6 week will have Veterans Day in it again.

7 MR. BILLY: Right.

8 PARTICIPANT: That's, yes, the
9 11th. Wednesday is Veterans Day.

10 MR. BILLY: That's a problem. Yes,
11 Vince.

12 MR. O'SHEA: I wasn't raising that
13 as a show stopper. I just wanted to make
14 people -- I wasn't objecting to that. I was
15 just making people aware of it.

16 MR. BILLY: Martin.

17 MR. FISHER: I'm just concerned
18 that Heather and Dorothy both had a really
19 good point that we should be able to utilize
20 that time to speak with our state
21 representatives. If we bump it up to the week
22 before Thanksgiving, are they going to be

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1 there?

2 MR. BILLY: They'll be there the
3 week we're talking about, I think.

4 MR. FISHER: They will be?

5 MR. BILLY: Yes.

6 MS. McCARTY: They won't be there
7 right up against Thanksgiving, no.

8 MR. BILLY: They won't be there
9 Thanksgiving week.

10 End of September?

11 (Simultaneous speakers.)

12 MR. WALLACE: You have the week
13 between October 22nd and October 31st is open.

14 MS. McCARTY: So the very end of
15 September is what you're suggesting, Sam?

16 DR. HOLLIDAY: Yes, Monday is the
17 28th of September. So the 29th and 30th.

18 MR. BILLY: Twenty-ninth, 30th and
19 1st.

20 MS. McCARTY: And when did you say
21 the North Pacific Council was?

22 DR. HOLLIDAY: October 1st.

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1 MR. BILLY: All right. I'm going
2 to shoot for that week.

3 MS. McCARTY: The earlier the
4 better because it sounds like it's going to
5 butt right up against --

6 MR. BILLY: All right.

7 All right. Let's take an hour for
8 lunch.

9 (Whereupon, the above-entitled
10 matter went off the record at 12:08 p.m. and
11 resumed at 1:18 p.m.)

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1 work for state government, worked in North
2 Carolina for many years, and I was the
3 Director of the Florida Coastal Management
4 Program .

5 So I got to NOAA just a few years
6 ago, but hopefully we're working on some
7 things that you'll find interesting and maybe
8 you can figure out some ways to help us.

9 So with that, let me just say that
10 about two and a half years ago or almost
11 three, I guess, by now, Jack Dunnigan became
12 head of the National Ocean Service, and he
13 looked around and said, Gee, an awful lot of
14 the things that happened in the Ocean Service
15 are related to coastal zone management, and
16 the Coastal Zone Management Act, in
17 particular. And so I'm going to just very
18 quickly tell you about how the Coastal Zone
19 Management Act works, and then talk a little
20 bit about how it relates to waterfront uses,
21 and then conclude with some comments about
22 where we're headed with and conclude with some

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1 comments about where we're headed with the new
2 vision for coastal management that Jack has
3 really marched us down the path towards.

4 So the Coastal Zone Management Act
5 dates from 1972. The only state that doesn't
6 participate at this point is Illinois. So we
7 have all of the other coastal states and
8 territories. We have estuarine research
9 reserves, which are locally based programs to
10 actually try out things on the ground and also
11 do some monitoring that's helping coastal
12 managers understand their areas better.

13 We have two other programs or three
14 actually, a coastal estuarine land
15 conservation program. In its biggest year it
16 got about \$60 million for land acquisition for
17 habitat and other types of areas.

18 We have a non-point pollution
19 control program jointly with EPA, and we have
20 something called the National Marine Protected
21 Area Center, which I'm sure you'd know about
22 as well.

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1 The objectives of the CZMA, just
2 very quickly, there was an overall theme to
3 preserve, protect, and develop and, where
4 possible restore or enhance the resources of
5 the coastal zone. It was also to encourage
6 and assist states. Our management is done
7 through state programs, and looking at
8 programs to achieve the wise use of the land
9 and water resources of the coastal zone.

10 And then the third one is really to
11 look at the public and make sure the public is
12 involved and guiding us in our activities.

13 It's a comprehensive approach that
14 looks at resource protection and looks a water
15 quality, public access, coastal hazards, and
16 then two that I think you talked about earlier
17 today, the whole idea of community development
18 and coastal dependent uses.

19 Working waterfronts, we have
20 something called special area management
21 planning specifically written into the Coastal
22 Zone Act, which enables us to work with a

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1 variety of federal agencies and state and
2 local governments to focus on some key areas
3 where we can focus our management activities.

4 Two of the programs I just want to
5 touch on briefly. When I was in Florida we
6 started something called Waterfronts Florida.

7 It's an effort to work with a small number of
8 communities over a two-year period, to focus
9 on how they can better integrate environmental
10 protection hazard mitigation, public access
11 and economic revitalization into their
12 waterfronts. That started in the late '90s,
13 and by now more than 20 communities have
14 participated in that program.

15 New York's Waterfronts Program has
16 been going on for an even longer period of
17 time. Sixty-nine communities from New York
18 State from Lake Ontario to Long Island Sound,
19 the Hudson River, 69 communities have
20 waterfront plans.

21 And then we have a couple of
22 specialized areas that we're working on.

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1 Something called Portfields, it was an effort
2 to address brownfields in port communities.
3 EPA had an existing brownfields program. They
4 joined with us and the Corps of Engineers and
5 the Economic Development Administration to
6 really look at several pilot communities of
7 how we might focus on the waterfront in terms
8 of brownfields, and the three pilot
9 communities were Bellingham, New Bedford, and
10 Tampa.

11 We ran out of money, and so there
12 are no more pilot projects, but we think we
13 learned a lot. We learned that it really
14 takes a concerted effort by all three levels
15 of government to actually achieve anything in
16 terms of trying to look at the ways that the
17 port community can, not going into
18 greenfields, as they say, but reuse the areas
19 in the community that were already devoted to
20 some type of other use, whether existing ports
21 or industrial areas.

22 And then Representative Allen from

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1 Maine who will no longer be in the House this
2 year because he lost a Senate race, but in
3 2007 he introduced the Keep Our Waterfronts
4 Working Act. It basically established a grant
5 program for insuring access for commercial and
6 recreational fishermen. It was focused, once
7 again on the states, and the states developing
8 plans, and that's why it was tied directly to
9 the Coastal Zone Management Act.

10 One of the things that we looked at
11 with that was trying to really expand that
12 beyond just recreational and commercial
13 fishing to look at other public access uses in
14 the area. We think that it was a good bill.
15 We think that in discussions just a couple of
16 weeks ago with the House Resources Committee
17 the staff, anyway, maybe not the members, but
18 the staff is very interested in reintroducing
19 this in the new legislative session in
20 January.

21 And then we have Smart Growth,
22 which a project between the Ocean Service, Sea

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1 Grant, EPA, and the City Managers Association
2 -- International City Managers Association, to
3 really look at what are some principles for
4 redevelopment in coastal areas and
5 waterfronts. And just some of these points
6 here focusing on mixed uses, including water
7 dependent uses, protecting waterfront access,
8 preserving a sense of place based on the
9 waterfront's heritage, and providing land and
10 water-based transportation alternatives.

11 So those are the types of things
12 that the several agencies and organization are
13 looking at how we can incorporate those
14 principles into the rest of our programs.

15 Okay. Then I mentioned that when
16 Jack Dunnigan became the AA, the Assistant
17 Administrator, of the Ocean Service, he sent
18 us down a path with the Coastal States
19 Organization to go around the country and
20 learn more about what had been successful over
21 the 35 years of coastal zone management and
22 where we could improve the processes.

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1 There was a white paper. There
2 were interviews. There were regional
3 stakeholder meetings. All in all, more than
4 500 people participated, and we also met with
5 many federal agencies and non-governmental
6 organizations.

7 The major findings were that the
8 areas where people thought we needed to focus
9 increased attention were controlling
10 development, a very difficult thing for either
11 the federal or state governments to do since
12 most land use in the United States is dealt
13 with by local government. Also, looking at
14 improving water quality, protecting habitat
15 and making coastal communities more resilient,
16 and I'll come back to resilient in a minute.

17 The emerging issue is climate
18 change. I think it was on everybody's mind,
19 and looking at how do we adapt to climate
20 change, but in some of our recent activities
21 at the Ocean Service, we've also started
22 looking at mitigation and how we can work with

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1 other federal agencies to reduce carbon
2 emissions in the coastal area.

3 Major needs for legislation
4 identified through visioning process. First
5 of all, they feel that the state programs
6 should be performance based. At this point
7 they're really programmatic. It's if you have
8 a program established that has all of the
9 right parts in it you get funding, but there's
10 really no requirement for performance, and
11 funding is tied to a formula that Congress
12 came up with many years ago and really doesn't
13 focus on where people have the need or where
14 they could actually achieve results.

15 Prioritized and strategic,
16 accountable and coordinated, really looking
17 at, as I mentioned if land use is one of the
18 big issues in the coastal zone, how do we
19 really get all three levels of government to
20 work together?

21 We've come up with recommending two
22 goals for the Coastal Zone Management Act. I

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1 didn't have a slide that said this, but this
2 is the first slide in really what NOAA's
3 approach is going to be to Coastal Zone
4 Management Act reauthorization, switching from
5 the visioning to what our response will
6 hopefully be, and we're currently developing
7 an administration bill for introduction soon
8 after the first of the year.

9 Anyway, the first one, the first
10 goal is sustaining health ecosystems, looking
11 at doing that in a number of ways, including
12 land acquisition, and then avoiding minimizing
13 or mitigating impacts on resources from
14 development, pollution, nutrient loading and
15 climate change, really a broad wealth of
16 causes of problems as well as potential
17 solutions for maintaining healthy ecosystems.

18 I think since Hurricane Katrina
19 everybody has been trying to figure out what
20 is a way that we can actually contribute to
21 this, and the goal of the Coastal Zone
22 Management Act as we propose to amend it would

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1 be to minimize impacts from hazards and foster
2 adaptation to climate change, direct
3 developments to more suitable lands, reduced
4 conflicts among coastal and ocean uses,
5 protect and enhance working waterfronts and
6 water dependent uses, improve the siting of
7 energy and aquaculture, and preserve and
8 improve public access.

9 We feel that there's a real need to
10 look up the watershed. Many of the coastal
11 states have very narrow coastal zones in their
12 states. Other states, Florida, for instance,
13 the entire state is the coastal zone. So we
14 need to look upstream, look at new techniques
15 and new partners, including non-coastal
16 states.

17 One of the things that we've talked
18 about is how do we really look at the
19 Mississippi River basin if we're dealing with
20 hypoxia in the Gulf of Mexico and things like
21 that. Is there a way for the Coastal Zone Act
22 to actually provide funding or assistance to

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1 inland states to deal with these issues.

2 Also, the idea of working with
3 property owners, environmental groups,
4 businesses and industries and farmers in
5 addition to just dealing with local
6 governments and state governments.

7 And then the idea of looking out to
8 sea with especially offshore energy issues
9 these days, many of the states are trying to
10 figure out how they can respond and so we hope
11 to, through the Coastal Zone Management Act
12 encourage them to do better planning to look
13 at their interests in the extra territorial
14 areas of the United States out in the sea.

15 The idea of conflict resolution is
16 central to this. When I was in Florida we did
17 some GIS work that discovered that there were
18 fishing, there were military, there were oil
19 leases, there were all of these things in
20 exactly the same area, and different groups
21 looking at their individual interests were
22 placing high priorities on the same areas. So

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1 how do we resolve some of those conflicts
2 through better planning?

3 Achieving local participation as I
4 mentioned earlier, most land use decisions are
5 made there at the local level, and local
6 governments better reflect the needs of their
7 citizens for specialized efforts, such as
8 redeveloping waterfronts. You know, not every
9 community may be interested in expending a lot
10 of energy on improving their waterfronts, but
11 those that are ought to get help to do it so
12 that we can really make improvements where the
13 communities are eager to get that done.

14 And one of the key things that
15 we've really learned is that especially
16 dealing with local governments, but also some
17 states, there really isn't a lot of technical
18 expertise, a lot of background in trying to
19 manage their resources better, and staying up
20 to date on the latest in science and
21 technology, and so what we hope to do and one
22 of the central pieces of our legislative

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1 package would be to develop an integrated
2 national program that would range all the way
3 from research to helping local governments
4 with capacity building and looking at
5 synthesizing and translating information from
6 the scientific community into words that
7 common people can understand so that they can
8 actually make better decisions both as
9 individuals and as communities.

10 The next steps, we've got draft
11 legislation. The Coastal States Organization
12 has just developed their own bill that's been
13 shared around on Capitol Hill, and as I said
14 earlier, we hope to have a bill soon after the
15 first of the year, and so that's my contact
16 information and that's kind of the end of my
17 prepared remarks, but I'd be glad to answer
18 any questions that you have as well.

19 MR. BILLY: Very good. Thank you.

20 So the act is up for
21 reauthorization, and this is in anticipation
22 of that?

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1 MR. CANTRAL: Yes, the act
2 actually, the authorization expired in 1999 or
3 something like that. The last time it was
4 reauthorized was 1996. The last major
5 comprehensive reauthorization of the act was
6 1990. So kind of like the Clean Water Act
7 hasn't been reauthorized since the '70s, we're
8 at about that same stage with Coastal Zone
9 Management.

10 MR. BILLY: Eric.

11 MR. SCHWAAB: Thanks.

12 I agree with your comments about
13 local governments, but I didn't hear at all
14 anything about coordination across the other
15 federal resource agencies, and I just wondered
16 to what degree you all are now or envision
17 working with, you know, and when you talk
18 about the watershed with like USDA or the EPA
19 to deal with some of these coordination
20 opportunities at the federal level.

21 MR. CANTRAL: Thanks, because you
22 know, putting this together I didn't put those

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1 slides in, and that's a really good question.

2 What we've been trying to do is
3 work with a number of federal agencies ranging
4 from EPA whom we have a built in partnership
5 with on non-point source pollution, but also
6 sitting down with USDA, working with the Corps
7 of Engineers, working with the Defense
8 Department on a lot of dealing with their
9 installations, and USDA is an excellent
10 example, and I mentioned the watershed.

11 The way that they fund their
12 projects, I was really surprised to learn this
13 and maybe I'm naive, but the way they fund
14 their projects is really a first farmer in the
15 door type of process, and so if a farmer who
16 is not even living near a stream that has a
17 problem wants to do some improvements on their
18 land, if they're the first one in the door,
19 they get funding for improvements before
20 farmers who live in an area where there's, you
21 know, high interest and a big problem.

22 And so we've been working with them

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1 to talk about how can NOAA through some of our
2 water quality and monitoring efforts help to
3 identify areas where there should be some key
4 funding. Governor O'Malley in Maryland has
5 really stepped forward in the Chesapeake Bay
6 area to say the State Department of
7 Agriculture will start to do things based on
8 priority watersheds and needs, but we've got
9 to get that in other areas where there are
10 problems. We need to get that same type of
11 thinking going on.

12 So we're working with USDA. They
13 just have a new farm bill which gives us some
14 opportunities, but it also sets some other old
15 practices more in concrete.

16 So hopefully there are ways that we
17 can do that, but one of my responsibilities is
18 getting out to other agencies and trying to
19 find better ways to do things.

20 MR. SCHWAAB: So I can just push
21 for a little bit on that?

22 MR. CANTRAL: Sure.

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1 MR. SCHWAAB: And ask if you
2 envision any of that being codified or
3 proposed for codification in the
4 reauthorization of Coastal Zone Act, and I
5 appreciate the commercial for my boss, but I
6 work for Governor O'Malley.

7 MR. CANTRAL: Do you really?
8 That's hilarious. Gee, I wish everybody had a
9 little name tag that says what you do.

10 (Laughter.)

11 MR. SCHWAAB: But, you know, it
12 seems to me that USDA, in particular, is not
13 going to change unless somebody pushes. So
14 you know.

15 MR. CANTRAL: What we are saying in
16 our proposed legislation is something that was
17 actually brought it up at one of our regional
18 stakeholder meetings. It was actually a
19 person from the Corps of Engineers who was
20 about to retire. So he said, "Well, I'm going
21 to say this even though my bosses may not like
22 the fact that I'm saying it."

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1 And that is that he wants to put
2 something in our act that places right at the
3 very start of our act that it is the duty of
4 all federal agencies to support the mission of
5 this act. We're not saying that it's going to
6 be a huge consultation process like Endangered
7 Species Act or something like that, but the
8 same concept.

9 And so we can at least have some
10 leverage, we hope, to sit down with agencies
11 and work with them on these issues.

12 MR. BILLY: Okay. Randy.

13 MR. CATES: I had a quick question.
14 Offshore energy, what's out there now
15 generally speaking? Are there established
16 projects?

17 MR. CANTRAL: Well, there's a
18 number of applications in the mill ranging
19 from on the East Coast it's primarily wind
20 energy. We've seen applications in Delaware -
21 - I'm trying to think -- Massachusetts, a
22 number of states. There are active proposals

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1 that the states are trying to respond to. It
2 has been such a big deal in Massachusetts that
3 they've just passed an Ocean Resources Act in
4 the state and are developing a plan for ocean
5 resources.

6 Oregon, we've seen applications for
7 tidal energy, which would involve placing
8 machines in the water offshore to deal with
9 both tide and wave. There's two different
10 types of applications, one for tide and one
11 for wave.

12 MR. CATES: So basically planning
13 stages right now.

14 MR. CANTRAL: Yes, trying to figure
15 out how we even react to it.

16 One of the other things that's
17 interesting about the Coastal Zone Act is that
18 on a lot of these energy issues the
19 responsibility is placed with the Minerals
20 Management Service because they already have
21 leasing and regulatory programs in place on
22 the outer continental shelf, but one of the

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1 things that remains with NOAA is the idea of
2 OTE, ocean thermal energy, where we actually
3 have had interest. Lockheed Martin
4 Corporation is interested in developing a
5 project off of Hawaii dealing with taking warm
6 water from way down in and letting it come up
7 and spin turbines.

8 So, you know, there's all sorts of
9 things out there that aren't really to the
10 stage of development, but they're to the stage
11 of planning and permit applications.

12 MR. RAFTICAN: Desal the same?

13 MR. CANTRAL: Desal is -- pretty
14 much all of those are in state waters, and so
15 we've already seen a lot of permitting and
16 activities by the various states, but you
17 know, they haven't been well planned in a lot
18 of instances. I know when I was in Florida
19 there were a lot of issues related to brine
20 discharge and fisheries, nursery areas, things
21 like that.

22 So you know, we're trying to get a

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1 better handle on planning for that.

2 MR. BILLY: Okay. Erika.

3 MS. FELLER: On the vision stuff,
4 I'm curious if any suggestions kind of came up
5 in that, you know, as part of the picture for
6 re-envisioning coastal zones that you find
7 that we can implement the existing ordinances.

8 MR. CANTRAL: Yes, a lot of things.

9 We think that a lot of the planning
10 activities can actually be done today, but one
11 of the things that we found, and this has been
12 found by independent studies as well as our
13 vision process, is that Coastal Zone
14 Management has been drastically under funded
15 over the years for the broad goals of the act,
16 and that's especially true of non-point source
17 pollution, that some years the budget has
18 given zero for non-point source pollution.

19 And so you know, in looking at any
20 number of types of planning or even regulatory
21 programs. We think that they can be done
22 today, but the states really don't have the

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1 ability without some sort of matching money to
2 develop new programs to do that, and so we
3 feel that, you know, specific authorities
4 helps, and additional funding would help.

5 And, yes, we realize that there is
6 limited money out there in the world today,
7 but something to talk about performance based
8 doesn't really require new money. Talking
9 about really focusing on national priorities
10 instead of the states all focusing on
11 different things, and so how can we really
12 accomplish some things with better focus of
13 money as well as if there were additional
14 funding.

15 MS. FELLER: A follow-up question.

16 So are there friends in OCRM to start trying
17 to comment on these measures kind of at the
18 same time you're working on legislation?

19 MR. CANTRAL: Yes. Actually
20 working with OMB they've asked us several
21 times now to fine tune our approach to what
22 can we do today in terms of prioritizing, and

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1 even though Congress keeps giving us funding
2 and says, "Deal with a formula," we're trying
3 to figure out are there ways that we can bend
4 that a bit to really get some national
5 priorities in the focus of all of the programs
6 as opposed to just giving a lump sum to a
7 state and saying, "Go off and do your state
8 cards."

9 MR. BILLY: Bill.

10 MR. DEWEY: I'm Bill Dewey, and I
11 work for Taylor Shellfish in Washington State.

12 MR. CANTRAL: Right.

13 MR. DEWEY: And we had this before
14 as actually CZMA reauthorization of course
15 back in December. At the MAFAC meeting we
16 looked at the top ten concepts papers that
17 came from the listening sessions, and actually
18 asked Bill Hogarth to weigh in on our behalf
19 on concept number six, which was trying to get
20 states to develop plans that would show how
21 they're going to accomplish some of the
22 national priorities.

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1 And we asked specifically that
2 aquaculture be called out as one of those
3 priorities. It's an area I'm keenly
4 interested in. We're challenged in Washington
5 State as we try to grow our industry with use
6 conflicts. So I was pleased to see in your
7 earlier slide that you had something specific
8 to that. You went by pretty quickly. I'm
9 just wondering if you could elaborate at all
10 on that.

11 MR. CANTRAL: Well, in essence,
12 what we've done is raise the level of
13 aquaculture in the plan so that it's an
14 element that would have to be dealt with by
15 all of the states in terms of the plan.

16 And you know, placing it in the
17 same area as energy facilities which are
18 already in the act, it's a requirement that
19 the states have to address.

20 And something that I didn't mention
21 is that we're really looking at each of the --
22 we currently have programs which some of them

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1 date back to the mid-'70s and actually
2 Washington State is one of the oldest, but
3 there isn't any requirement that the states
4 ever look at, well, what are the tools that
5 the state has to really address coastal issues
6 and to update those programs.

7 And so what we're hoping to
8 institute is the idea of each state has to do
9 an assessment; that NOAA would actually lead,
10 do an assessment of coastal resources in all
11 of the states, and then each of the states
12 would have to develop a plan based on those
13 assessments to talk about what their
14 priorities are and have some measurable
15 objectives for those plans.

16 And then each of those plans, each
17 assessment and each plan, would be required to
18 be updated every five years, and so I think it
19 will make it a much more active process,
20 especially for the public to get involved in
21 the states where there will at least once
22 every five years be a concerted effort to

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1 reach out and figure out what the issues are
2 or what the states should be focusing on.

3 And in looking at not only
4 aquaculture, but a number of other issues,
5 such as climate change, you know, in 1972 when
6 the act was originally approved, those really
7 weren't even thought about, and so how do we
8 keep it moving, keep it up to date is where
9 we're headed.

10 MR. DEWEY: Just a quick follow up.

11 I mean, I'm excited to hear that aquaculture
12 has been elevated up. Thank you for that, and
13 also I'm just curious if it's possible to get
14 MAFAC a copy of the CSO draft bill you're
15 circulating.

16 MR. CANTRAL: Yes, I can get you
17 the CSO bill. I can't get you ours.

18 MR. DEWEY: I understand that, but
19 that would be good. Thank you.

20 MR. CANTRAL: Okay.

21 MR. BILLY: Okay. Thank you.

22 MR. CANTRAL: Sure. Glad to.

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1 MR. BILLY: Okay. Let's move on.
2 Gary, industry assistance.

3 MR. REISNER: Okay. I'm going to
4 try to go through this quickly. You'll have
5 the slides as a resource. So I won't spend
6 that much time on these. I'm going to cover
7 essentially four programs that we currently
8 have available: disaster assistance, capacity
9 reduction programs, fishery finance loan
10 program that we have, and the capital
11 construction fund program, which is sort of a
12 different kind of animal than the other ones.

13 So disaster assistance, we do
14 disaster assistance under two different laws.

15 One is the Magnuson-Stevens Act, Section
16 312(a). That's been in place since '96. It
17 was revised in -- the latest revisions, they
18 actually added the Section 315 there.

19 They also added language that
20 expanded the eligibility for disaster
21 determinations to include, in addition to
22 natural and determined manmade causes. It

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1 also includes regulatory restrictions
2 including those imposed as a result of
3 judicial action, imposed to protect human
4 health of the marine environment.

5 And we're struggling with that a
6 little bit in trying to develop some
7 guidelines around that. I'll talk a little
8 bit more about that in a second.

9 The other authorization we have is
10 in the Interjurisdictional Fisheries Act.
11 This act actually is older than the other one.

12 I think the first language was in '92, and
13 then we got some funding in '94, and it
14 authorizes a commercial fishery failure or
15 serious disruption affecting future production
16 due to a fishery resource disaster.

17 So quickly, if you look at
18 Magnuson-Stevens, it requires a commercial
19 fishery failure due to a fishery resource
20 disaster. So you sort of have to have both of
21 them. You have to have a fishery resource
22 disaster and then a commercial fishery failure

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1 associated with that.

2 In Interjurisdictional Fisheries
3 Act, it's a commercial fishery failure or a
4 serious disruption due to a fishery resource
5 disaster. So you can actually have a disaster
6 determination just based on a fishery resource
7 disaster, and in fact, if you look at Gustav
8 and Ike, we made those determinations under
9 Interjurisdictional Fisheries Act because we
10 didn't have the information. I mean, it was
11 fairly evident that there was a serious
12 commercial fishery failure, but we didn't have
13 the data. So we made it under this.

14 But you'll hear both of these acts.

15 In many ways they're the same, but they do
16 have a nuanced difference.

17 These are a list of the fishery
18 disasters that we've made over the years since
19 '94 to 2008. Actually just today the
20 Secretary made announcements for a fishery
21 disaster determinations in Red Tide, New
22 England and Sockeye Salmon in Washington in

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1 Puget Sound tribes. So that was announced
2 today.

3 We have pending still disaster
4 requests that have come in on Florida shark,
5 highly migratory species, hard shell clams off
6 of Long Island, and a request to reconsider
7 our denial of the New England groundfish
8 disaster request from last year. The State of
9 Maine came in and asked us to reconsider that.

10 On those three we haven't made a
11 determination yet. Anyway, out of all of
12 these we have about \$800 million that has been
13 appropriated associated with the determined
14 disasters, but in addition to that, since
15 2000, Congress has appropriated about \$175
16 million for 16 disasters that they decided
17 were disasters even though we didn't make the
18 determination on them.

19 So you can see there's getting more
20 visibility, higher visibility, and I
21 mentioned, you know, in the past we used to
22 get one, two, maybe three a year. Then we'd

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1 go with none and then a couple more. Well, in
2 2008 we've made five of them already and we've
3 got three pending. So it's exponential.

4 MR. RAUCH: We got a new one from
5 Alabama yesterday.

6 MR. REISNER: Excuse me. That's
7 right. It's before my notes were done --
8 after my notes were done.

9 So that's the history of the
10 disasters. So because of that and because of
11 those changes in the MSRA that created this
12 sort of new category to include regulatory
13 restrictions, we felt we needed to get a
14 regulation out. We actually have guidelines
15 that we use, but we don't have codified
16 regulations that are out there for the public.

17 So we're in the process of developing those
18 regulations, and hopefully we can get them out
19 relatively shortly, at least in a draft form.

20 But they will provide a little more
21 transparency.

22 And it would establish procedures

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1 and requirements for initiating an evaluation,
2 who's authorized to request it, what we expect
3 in terms of information that we'll need.

4 We also establish some definitions
5 and characteristics that are more clear,
6 particularly, you know, this phrase of impact
7 to the marine environment and how do you
8 define the marine environment and its
9 relationship to regulatory changes.

10 So we're in the process of working
11 on that and hopefully in the near term we can
12 get something out.

13 I think that was all I was going to
14 say on disasters. Why don't I run through
15 this quickly and we can ask questions?

16 Okay. Let me talk about fishery
17 capacity reduction programs. So Magnuson-
18 Stevens 312(a) was the disaster assistance
19 program. There's also a component of that
20 that authorizes capacity reduction programs,
21 and they're available to assist in
22 rationalization and create instability in the

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1 fishery.

2 We need to receive a request from
3 the governor or a fishery management council.

4 They have to reduce capacity and make sure
5 that that capacity can't be replaced in the
6 future on the programs associated with loans.

7 When we run these capacity
8 reductions, there's two ways to do them.
9 Congress can appropriate money and use that
10 money to do a direct buyout. In fact, they've
11 done that in components of New England where
12 they bought out a number of permits. There's
13 a high level of latent capacity there, and so
14 an actual capacity reduction didn't really
15 occur.

16 But the other way of doing this is
17 to have a loan program where components of the
18 industry develop a plan within the industry
19 that comes into us that would authorize the
20 federal government to make a loan to the
21 industry to actually buy out vessels.

22 And so we create a plan with the

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1 industry. We then do a referendum that
2 requires a vote of all the eligible permit
3 holders in that fishery, and assuming that's
4 successful, we go through the process of
5 evaluating and accepting bids from vessel
6 owners and permit holders in the fishery.

7 We use in general reverse auction.

8 So the most capacity for the least cost would
9 be the first one that would be bought out and
10 so on until we run out of money. And the way
11 this works is we buy out the permit holders
12 and their vessels, and then we institute a
13 charge on the remaining landings in that
14 fishery until the loan is repaid. And that
15 loan can be anywhere from, you know, two
16 percent up to five percent of the value of the
17 landings in any given year.

18 We currently have in place and
19 operating four buyouts. The first one was the
20 Bering Sea/Aleutian Island pollock, and we
21 removed nine large catcher processors, 17
22 permits.

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1 This one actually the -- let me
2 back up a second. Magnuson-Stevens Act 312
3 sets up a framework for councils to develop
4 buy-back plans. It's fairly cumbersome. It
5 has actually never been used. All of the
6 buyouts that I'm talking about here have been
7 implemented through special legislation.

8 Now, that special legislation
9 tended to incorporate components of the
10 Magnuson-Stevens requirements, but not all of
11 them, and so each of these was done under a
12 separate piece of legislative authority. So
13 back to the Bering Sea/Aleutian Island
14 pollock, we removed these nine vessels. It
15 was about ten percent of the capacity in the
16 fishery. In general, we would remove from
17 either ten to 40 percent of the capacity in
18 the vessels in each of these fisheries.

19 Total financing is about \$286
20 million, of which those balances are going
21 down and most of these are amortized over 30
22 years, but frankly, if landings go down and

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1 don't cover the amortized amount, the loan
2 just keep going until it gets paid back.

3 On the other hand, if you have a
4 really good year, you can actually pay back
5 more in a year, and I think in the '98 and the
6 Bering Sea/Aleutian Island pollock we're ahead
7 of schedule on the payback of that loan.

8 This is a list of pending requests
9 for buy-backs, and again, on each of these
10 there's actually legislative language that's
11 been enacted either through an appropriation
12 or an authorization bill that's provided this.

13 On the southeast Alaska purse seine
14 salmon fishery, that's a unique animal.
15 That's actually a state fishery that they've
16 asked for federal assistance in running a buy-
17 back on, and so we're working with the purse
18 seine community now in the state to see
19 whether we can fashion a buy-back that's
20 consistent with, you know, our requirements of
21 being cost effective, most capacity with the
22 least cost, and also making sure that we

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1 permanently retired that capacity.

2 They have a draft plan, and we are
3 reviewing that now, and we're working with
4 them and go back and forth, and ultimately
5 then we'll go out with a regulatory published
6 stuff in the Federal Register and go out with
7 a referendum, and if it passes, we'll
8 implement it. If it doesn't, it dies.

9 Additional authority for Bering
10 Sea/Aleutian Island pollock, there were four
11 sections, and I don't remember what they were
12 offhand, in the Bering Sea non-pollock
13 groundfish buy-back authority. We've
14 implemented one buy-back in the long line
15 fleet.

16 The other sectors have not
17 requested a buy-back, and starting next year
18 the money that wasn't used in the first buy-
19 back is available for anybody, any of the
20 sectors to use, and the long liners have
21 indicated that they may come back in to get
22 additional money to do additional buyouts.

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1 The Gulf of Mexico reef-fish
2 fishery, you heard a little bit about that
3 yesterday. This one did not come to fruition.

4 It was shot down. However, it sounds as
5 though because of the transferable quota
6 system that it addressed a lot of the issues
7 that buyouts have.

8 One other thing about these buy-
9 backs. There wasn't very much excess capacity
10 in this. So there weren't very many -- what's
11 the term? -- latent permits. Okay? That was
12 an issue to some degree in the reef-fish
13 fishery. It's certainly an issue in the
14 northeast multi-species groundfish fishery
15 where they had a couple of starts to try to
16 get a buy-back, and those have sort of fallen
17 away, probably won't go anywhere.

18 And the New England lobster
19 fishery, we've got no interest in that.
20 Nobody has expressed an interest in that. At
21 one time I guess there was a small group that
22 was interested. They got legislation passed,

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1 but there has been no action on it.

2 So that's it for capacity reduction
3 programs that we use our loan authorities for.

4 But, again, I mean, it's not chump change.
5 There's \$286 million in loan value out there
6 that's being repaid in these fisheries.

7 Fishery finance programs, these are
8 our more traditional loan programs. Let me
9 talk about them a little bit. We have a
10 traditional loan program that was actually
11 authorized in the Merchant Marine Act. It has
12 been around for a while. It was originally
13 created and expanded to fisheries back, I
14 think, in the '70s because of when we kicked
15 out the foreign fleets and the federal
16 government wanted to build up fleets, they
17 created this authority. We were more
18 successful than we thought.

19 In the '90s, they put a prohibition
20 on the program to prohibit any loans that
21 would increase capacity in a fishery. So all
22 of the loans that we have made since then have

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1 been capacity neutral. I'll get into the
2 vessel components.

3 There are three different types of
4 loans that we make under this program. One is
5 aquaculture facilities where we'll make loans
6 for purchase of equipment, purchase of whole
7 plant improvements, construction and
8 refinancing of existing debt. The same with
9 shore side processing facilities to expand
10 processing capacity.

11 These you can expand capacity on.
12 It's the fishing vessels that you can't expand
13 capacity on, but you can get a loan to
14 purchase a used vessel, to buy some vessel
15 equipment for safety purposes, and equipment
16 that's going to be permanently attached to the
17 vessel for reconstruction, and we do do
18 refinancing.

19 And with the new bill, there were
20 some provisions on loans for sustainable
21 purposes as authorized, and we're working on
22 defining them and making some regulatory

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1 changes. They would be things like reducing
2 bycatch, improved safety, assisting transition
3 to reduce capacity and upgrades in design to
4 target your catch more effectively.

5 But we don't have in place yet the
6 regulatory language to entertain that.

7 MR. FISHER: When are you going to
8 have that in line?

9 MR. REISNER: It won't be until the
10 next administration. We'll probably get some
11 regulations over there early in the
12 administration, but then they'll have to go
13 through the process.

14 One of the issues with our
15 traditional loan program and one of the things
16 I'm working with folks are even though we're
17 not expanding capacity, should we make loans
18 to vessel owners and fisheries that are
19 currently over capitalized? There's no
20 prohibition as long as it's not increasing
21 capacity, and on the one hand, it helps
22 fishermen in those fisheries if you extend

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1 their amortization schedule so that their
2 annual payments are less. They can sustain
3 some of the reductions, say, in New England in
4 fishing days at sea.

5 On the other hand, are you keeping
6 people in the fishery longer than what would
7 otherwise happen? That's actually some
8 questions that I'd be looking to you guys for
9 some assistance on.

10 Let me go to the other type of loan
11 program that we have as part of Magnuson-
12 Stevens reauthorization also, and for the two
13 that are currently ongoing, it was in the
14 language that created them, an IFQ loan
15 program. We had in place one for the
16 halibut/sablefish fishery, and then we're
17 putting in place as we speak a Bering
18 Sea/Aleutian Island crab IFQ loan program, and
19 the idea is that these loans would be
20 available to address new entrants and there
21 will be criteria around that, either, you
22 know, making loans only to those who have new

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1 entrants or have minimum income or maybe only
2 to individuals who have less than a certain
3 percent of your quota share to them.

4 We have about \$50 million.
5 Annually we have about eight million now in
6 loan authority that's created, and in total we
7 have loans of -- we have made loans of about
8 \$58 million.

9 There's a new program that was
10 created that we don't have up and running yet.

11 It's the community development quota system,
12 community development loan program for
13 communities in Alaska. I think there are six
14 CDQ groups that would be eligible. The money
15 when we get it up and running would be
16 available for them to acquire fishing vessels,
17 processing vessels, shoreside facilities.
18 They could use the funds to buy permits and
19 quotas, and we actually have about \$200
20 million in loan authority, and we're in the
21 process of working with communities. We've
22 met with them on developing criteria for that.

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1 So in total, this is our loan
2 activity. There's about \$785 million in total
3 on there of loans that we've approved. About
4 \$400 million are related to the first three
5 categories, the traditional program. All of
6 our buy-backs, as you saw earlier, at least
7 the current buy-backs that are in place are on
8 the West Coast and Alaska. And so it's a
9 substantial amount of money and assets that's
10 out there on loan.

11 Now, when I say it's on loan, it is
12 actually a loan. There's not appropriated BA.
13 There is an amount that's appropriated
14 associated with the subsidy related to this,
15 which is essentially the expected default
16 level and so it's a net present value
17 calculation that's fairly arcane, but so this
18 loan authority is not dollars appropriated
19 like yesterday when I said our budget is about
20 \$800 million a year, we're not getting \$862
21 million in budget authority every year for
22 loans. That's different kind of animal.

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1 Talk for a couple of minutes on
2 our capital construction fund program. This
3 is another program that was created back in
4 the '70s. It's called the fishing vessel
5 capital construction fund. It's an income tax
6 deferral program, and it's available to
7 fishing vessel operators. You either have to
8 own the vessel or have a long-term lease in
9 the vessel to be able to participate, and what
10 you do is essentially set aside a portion of
11 your income that you've earned into a separate
12 account, equivalent to an IRA essentially, and
13 you develop a plan for, okay, I'm going to buy
14 a vessel in ten years. So I'm going to put
15 aside so much money every year and you do it
16 pre-tax, and then you can withdraw that money
17 to acquire or reconstruct the vessels as you
18 move forward in time.

19 We currently have about 2800 active
20 agreements throughout the country, and again,
21 \$227 million in assets, and we don't actually
22 hold that money. That money is held in bank

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1 accounts, but every year with fishermen who
2 have these agreements report to us, and on
3 their income taxes they give us that and then
4 we can report to the IRS along with them who
5 can compare to make sure that the money is
6 being held properly and properly segregated,
7 and when it's drawn down, used for the
8 purposes for which it was put in the account.

9 There are some issues with this,
10 and in fact, Senator Smith before he lost was
11 working on some legislation that was going to
12 change this. So we have \$227 million in
13 savings accounts, fishermen do out there, and
14 they can't use them in the fisheries that they
15 would want to use them for.

16 Frankly, we would prefer people not
17 invest in over capitalized fisheries.
18 However, there are limitations on what they
19 can do with the money, and there's severe
20 consequences if you don't use it for qualified
21 purposes. So in some degree it just sits
22 there, and your plant, your money has to be

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1 used within ten years. So if it hasn't been
2 used within ten years, it's automatically
3 considered a non-qualified withdrawal, and you
4 can be penalized.

5 And so what has happened over time,
6 as fisheries have become over capitalized or
7 stocks have fallen, all of a sudden you had
8 thoughts of, well, I was going to buy a new
9 vessel or whatever, and it's no longer a good
10 idea from a fishery management perspective or
11 a personal business perspective.

12 So Senator Smith and others were
13 looking at some legislation. I don't know
14 where that will go, whether it will be
15 revisited, in expanding the uses for the
16 capital construction fund so that you could
17 use it to acquire or invest in aquaculture
18 facilities, shoreside facilities or use it to
19 purchase limited access permits, IFQs, if
20 they're available.

21 Another option was to allow
22 transfer to an IRA. So the fisherman would

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1 just take it out and put it in an IRA, and
2 then it would be subject to the conditions of
3 the IRA.

4 And a third alternative was to have
5 a window in which fishermen can actually close
6 out their accounts, withdraw the money, and
7 not be subject to the penalties associated.

8 They would still have to pay taxes
9 on it, but not the penalties. Right now if
10 you make a non-qualified withdrawal, you have
11 to pay income taxes at the highest marginal
12 rate of taxation available. Whether your
13 actual income would put you in that bracket
14 didn't matter. So if you were in the 28
15 percent bracket normally and you withdrew
16 money, you would still have to pay in a 35
17 percent tax bracket for these funds. Plus
18 you'd have to pay interest back to the time
19 when that tax would have actually been due
20 when you made the deposit.

21 So fairly severe penalties for non-
22 qualified withdrawals and some serious

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1 restrictions on it.

2 So in the interest of time, Topher
3 put these slides. I don't know if they're
4 available on the Website yet or not.

5 MR. HOLMES: I can send them out to
6 the group.

7 MR. REISNER: Okay, but those are
8 sort of the three main program areas which my
9 folks are responsible for in this process, in
10 developing the regs. for the disaster
11 assistance programs, which by the way I'm
12 hoping Alan is going to take over here
13 shortly, and I won't be responsible for that.

14 And then the loan programs and the
15 capacity reduction programs and the capital
16 construction.

17 Any questions?

18 MR. BILLY: Okay. Dave.

19 MR. WALLACE: I guess, we came up
20 with an idea that we would write a document to
21 the Secretary talking about, you know, what
22 constituted a disaster, and then you know, you

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1 tell us that you have almost completed that.
2 Should we just not do that and wait until you
3 finish and then we critique your proposed
4 regulation?

5 MR. REISNER: I don't know exactly
6 when we're going to get regulations out, but
7 if it's in the short run that might not be a
8 bad idea. I'm looking to Sam.

9 MR. RAUCH: I think that there's a
10 significant possibility that the whole thing
11 is going to be delayed or the disaster
12 regulations are going to be delayed and not
13 come out. They're still proposed rules. Even
14 if they do come out, there's no chance we're
15 going to before the next administration.

16 Even if those come out, they are
17 dealing with some of these existing issues,
18 and I don't think that they're going to be
19 well suited to dealing with the kind of policy
20 discussions that you're talking about here.
21 They're more mechanical, and this, this, and
22 this is required as opposed to if Congress

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1 gives the money what should they do with it or
2 what kind of things would we look for.

3 So I don't think that the two
4 efforts will compete with each other.

5 MR. BILLY: Randy.

6 MR. CATES: Regarding your loan
7 program, which I'm real familiar with, it
8 seems like MAFAC has a role maybe to play in
9 helping you guys draft new language and rules
10 that is not working very well. It's very
11 difficult for aquaculture, especially with
12 qualifying requirements, and the level of
13 capital that you've got to put up, it's really
14 problematic.

15 MR. REISNER: Yes, let me talk to
16 that. So on the loan program there are two
17 components to it. There's the loan ceiling,
18 the actual how much you're going to make the
19 loan for, and then there's the subsidy
20 associated with that loan ceiling.

21 So, for example, in our buy-back
22 loans we have a standard rule of thumb of a

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1 one percent subsidy. So if I have a \$200
2 million loan program for a buy-back, you would
3 need to appropriate \$2 million for that.

4 The traditional loan program at
5 least within the administration, we have not
6 been requesting a loan subsidy for that. It
7 has been enacted or, well, we haven't
8 requested loan subsidy or ceiling for them.
9 The subsidy is calculated based on the net
10 present value of the expected return on the
11 loan. So if it's a 25-year loan or 20-year
12 loan, you do a net present value on that, and
13 you build into that any expected defaults, and
14 you come up with a current number, and that's
15 what needs to be appropriated.

16 Well, our loan programs, all of
17 them charge right now two percent over the
18 cost of borrowing money for a relevant time
19 frame. So if it's a 20-year loan, we go into
20 federal market and get the rate for their 20-
21 year bonds. We tack on two percent, and that
22 becomes the loan rate.

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1 So you can see net present value,
2 unless, you know, inflation and stuff change
3 significantly, our loans have a negative
4 subsidy. So we actually don't need an
5 appropriation of the subsidy amount to make
6 them, but we do need authority for the loan
7 ceiling to make them. If we were to make more
8 risky loans, we would need subsidy because the
9 loans would default more. So since we don't
10 have any money appropriated for the subsidy,
11 the qualification criteria for our loans is
12 fairly high.

13 And so when you have a new industry
14 come in, aquaculture being an example, it
15 makes it hard because you don't have a history
16 that we can use to do an evaluation, and we
17 don't have a lot of collateral associated with
18 the facilities themselves or a lot of
19 experience on that collateral.

20 So at one time actually a couple of
21 years ago, and Mike Rubino is not here, we had
22 proposed getting some subsidy associated with

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1 aquaculture so we could reduce or increase the
2 risk on our aquaculture loans with the
3 expectation that some of them would fail. I
4 mean, that's what the loan program is for in
5 the federal government, and that wasn't
6 approved and Congress didn't enact it. So we
7 didn't have that authority.

8 We still have a priority to
9 aquaculture loans if they come in, but because
10 we don't have any subsidy we have to keep the
11 standards fairly high. It is a problem.

12 MR. CATES: Just to follow up on
13 that real quick, down on our level what that
14 means is, for example, we were approved for an
15 \$8 million loan. It's not really a loan. The
16 company has to go and spend the money first,
17 then request 80 percent of it back. So you
18 don't get the money up front to go build your
19 facility. You have to have \$8 million to
20 spend and then request to get it back.

21 Once we were approved, it took a
22 year to get the funds in. The other part of

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1 the problem is the legal documentation is
2 extremely heavy, and so I would like to
3 support you in trying to make it more flexible
4 or where more companies can utilize it.

5 MR. REISNER: Yes, I don't know the
6 specifics on your loan, but certainly to the
7 degree that we can make it easier for shore
8 side facilities and aquaculture, I think there
9 would be support in the administration for
10 that, this one and the next one.

11 MR. BILLY: I'm ready to stop us
12 right here and invite Alan to share his
13 remarks. I know he's on a flight pretty soon.

14 MR. RISENHOOVER: Okay. What could
15 be more exciting than ending with a report on
16 capacity building?

17 (Laughter.)

18 MR. BILLY: Two reports on
19 capacity.

20 MR. RISENHOOVER: It's about 58
21 pages long. So we're going to go through it
22 more or less line by line.

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1 (Laughter.)

2 MR. RISENHOOVER: It was really one
3 of my first exposures to some really deep
4 economics, not economies of agglomeration or
5 whatever, but close. And so I'm very glad
6 that Rita is still here so when I get stuck on
7 what the economy or the economics of this are
8 we can turn to her.

9 But the full report is up on your
10 Website. I suggest you do take a look at it,
11 like the executive summary at the beginning,
12 the summary at the end, and then some of the
13 tables, and I'll point those out because
14 there's a lot of data and there are a lot of
15 things to consider, and I don't want to get
16 too wrapped up in the specifics of which
17 fishery and how much capacity, all of that,
18 but the overview because I think it fits more
19 into what we're talking about here when you're
20 looking at, you know, how do you react to a
21 disaster or how do you react to capacity
22 reduction. Here's some of the larger

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1 principles, but sometimes the details we could
2 get lost in pretty easily there.

3 So let's just start going through.

4 So the Magnuson Act required us to do a
5 report that had two main components to it.
6 First was to identify those fisheries with the
7 most severe cases of capacity, over capacity
8 in them, and then second, to look at some cost
9 effective methods, that is, that the
10 government didn't have to fund, that would
11 solve those problems.

12 So if you think of the disaster
13 side and do you rebuild or not, what happens
14 to the disaster that's declared? You know,
15 how do you handle that disaster? Do you
16 reduce capacity? Or do you pay fishermen or
17 what? These are some of the considerations we
18 address in the report.

19 So real quick on definitions.
20 Instead of using an output, we did use the
21 output based model or definition instead of
22 input. I'm not going to go into that because

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1 I couldn't explain it twice the same.

2 So we did choose it for three
3 reasons, that a lot of what we do deals with
4 the management side of things and not the
5 capacity of the individual vessels, but then
6 also try and compare it to all other economic
7 sectors as well.

8 So our definition here is that
9 harvesting capacity is the maximum amount of
10 fish the fishing fleets can reasonably be
11 expected to catch, "reasonably" meaning under
12 current circumstances, regulations,
13 maintenance, fuel prices. Fuels prices, see?

14 I knew that.

15 So simply stated, we're defining
16 excess harvesting capacity as too much
17 harvesting capacity given the current
18 situations, and we were only able to look at
19 about 25 specific fisheries because of data
20 limitations, and then an additional 60 what we
21 call fleets in the report, which were similar
22 vessels using similar gear in similar areas

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1 and generally catching the same type of fish.

2 So it's not a very specific report
3 on that, and then the final caveat I'm going
4 to use was the best data we had was from 2004.

5 So it's a little old and it's a little I
6 don't know if the word is loose, but it's not
7 the detailed, analytical look that I think
8 that folks would probably want, and it's based
9 on a series of three other reports on capacity
10 that the science and technology folks
11 coordinated.

12 So if you're really into this,
13 there's a history you can read up on. So
14 let's go just to the definitions here. Excess
15 capacity, that's harvesting capacity in excess
16 of the recent harvests, that is, you have the
17 physical ability to harvest more of the
18 current harvest.

19 I'm reading that off the slide. I
20 try not to read off the slides, but that's an
21 important concept if you get into this.

22 The second one is over capacity,

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1 and that's capacity in the excess of a
2 management target or the quota. So you're
3 going over quota.

4 So there's an example there of how
5 these rates were calculated. I'm not going to
6 go into that. I think it's probably better if
7 we go into a little bit on the findings
8 because that's what is important.

9 So the report to Congress looked at
10 these or Congress required us to look at
11 excess capacity, over capacity. We added a
12 third measure in there to look at as well, and
13 that is the over harvests because you may have
14 over capacity and excess capacity, but you're
15 not over harvesting. Well, is that a problem?

16 Probably from an economic
17 standpoint of the fishery. So that's another
18 part we looked at in the report, but we found
19 that of the 25 fisheries we looked at, almost
20 half of them did show levels of excess
21 capacity, which is what? Who remembers what
22 excess capacity is?

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1 (Laughter.)

2 MR. RISENHOOVER: Excess capacity
3 is harvesting capacity in excess of recent
4 harvests, that is, the physical ability to
5 harvest more than the current harvests. So
6 you were limited for some reason, fuel prices
7 or a quota, but you had the capacity to
8 harvest more.

9 Additionally, and this isn't in the
10 slide, but of the 60 fisheries, 60 fleets we
11 looked at, 18 of those had excess capacity
12 above 50 percent. So there were problems
13 there or issues there as well.

14 I think that's probably all I'm
15 going to say about that.

16 So as I mentioned what the report
17 said was the Congress asked us to highlight
18 those 20 fisheries with the worst capacity
19 problems, and so any time you show those,
20 people are going to want to know, well, why is
21 my fishery there or why is it not there. So
22 here's the list.

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1 And there goes the list, right?

2 (Laughter.)

3 MR. RISENHOOVER: We don't want to
4 spend a lot of time on that, but no, to go
5 back, so this was one thing when the staff
6 first drafted the report, and I went through
7 the first draft of the report, you know, you
8 look at the language, what was required to be
9 there. They had no list of the 20 worst. So
10 we went back and we put that in.

11 This is the list of the 20 worst
12 based on those characteristics I had
13 mentioned. So what is interesting about this
14 is what's on the list, and so, you know, kind
15 of in our minds we think of fisheries that
16 are, you know, kind of managed well and they
17 are not having over fishing problems and the
18 economics of them are well. You don't really
19 associate capacity problems with that, but
20 look at Atlantic sea scallops. The most
21 valuable fishery in the nation right now is on
22 the list. Of course, that's from 2004.

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1 Things may have changed.

2 So that's something in reading the
3 reports and the results of this we have got to
4 be very careful and kind of finish every
5 sentence with "but things may have changed,"
6 because the data is from 2004.

7 So you see, you know, some of the
8 fisheries we think as being better managed,
9 sea scallops. Another interesting one is surf
10 clam/ocean quahogs. That's interesting
11 because it's under an IFQ. So we've talked
12 about IFQs reducing capacity or matching
13 capacity with the harvest. It's on the list.

14 So we may have some problems.
15 Again, this is from 2004, but what I think it
16 highlights to me is capacity isn't the only
17 thing at work here. It's one of a number of
18 variables that contribute to the health of the
19 fishery or the detriment of the fishery or
20 contribute to pressure where if you have a lot
21 of capacity to harvest above your harvest
22 level, that may lead to over fishing. It

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1 leads to pressure on the management system to
2 manage right up at those lines.

3 And then, of course, there are some
4 fisheries in there that we know there are
5 problems. The first one, the northeast multi-
6 species, there are some problems in there. Is
7 capacity the only problem there? Probably
8 not. There's probably some other things.

9 So we need to be careful just
10 looking at this list and saying, well, these
11 are the fisheries that need capacity reduced
12 because the data is from 2004. Things may
13 have changed, and there may be other things at
14 play as well. So that's important.

15 So if we compare those and the
16 table I really like best in the report -- I
17 know folks probably don't want to go look at
18 that right now -- is the one where we ranked
19 things. We did look at the capacity measures.

20 We talked about excess capacity, over
21 capacity and looked at those, but also is over
22 fishing occurring in the fishery? Because

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1 that's kind of the result. You have excess
2 capacity and you're not over fishing the
3 stock. Does it matter? We'll vote on that
4 later.

5 So a little bit on some of the
6 problems here. So there's no one size fits
7 all, as I've been talking about here. We've
8 got the conditions I've mentioned here. It's
9 2004 data. Resources may have changed.
10 Characteristics of the fisheries may have
11 changed. There may be new management measures
12 in place.

13 And then kind of the bottom line is
14 the Magnuson Act doesn't require us to manage
15 capacity. There's nothing in the Magnuson Act
16 that says that Secretary shall. So capacity
17 is part of what we take into account when
18 we're doing things. It should be a planning
19 part of it.

20 But as it says here at the bottom,
21 nonetheless, the rates of over capacity and
22 excess capacity do show us that there are some

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1 management problems that we probably should
2 look at, and that was the second thing
3 Congress mentioned, was what are some of the
4 cures. What are some of the ways to address
5 these capacity issues?

6 While I mentioned that the MSA
7 doesn't mandate, you know, specific actions
8 related to capacity, we do have a national
9 plan of action on capacity that NMFS put out,
10 I think, in 2004. It's in the policy
11 directive system that says NMFS is going to
12 work on capacity, and our goal is by 2009 to
13 reduce capacity significantly in 25 percent of
14 the fisheries.

15 So over the next year we'll be
16 looking between 2004 and where we are in that
17 goal, and I think we're probably in pretty
18 good shape because of the management measures
19 put into place since 2004 probably have
20 reduced capacity problems in about a quarter
21 of the fishery. So, again, it's something to
22 look at as we go through.

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1 And then probably the one I want to
2 spend a little more time in is the "so what?"

3 So we've got this data. Yes, there are some
4 limits to the data. Yes, we can see that, you
5 know, northeast groundfish is on that list
6 and sea scallops and ocean quahogs are on that
7 list. You know, are there problems? What's
8 the difference? How do we compare those?

9 And what we found in the report
10 was, in fact, that limited access privilege
11 programs are good at helping with capacity,
12 helping match it as opposed to the second one,
13 which will be Congress specifically asked us
14 to look at industry funded buyouts. I don't
15 know that there has really been any industry
16 funded buyouts, but buyouts in general, you
17 know. Are you buying out the active capacity?

18 Are you buying out latent capacity? Some of
19 the issues Gary mentioned with buyouts.

20 License limitation programs, yes,
21 help, but they a start in the right direction
22 of reducing capacity over time.

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1 And then the conventional
2 management we think of, you know, gear
3 closures, seasonal closures, gear restrictions
4 probably don't do that much for capacity. So,
5 again, the excess and the over capacity rates
6 themselves don't determine, you know, again,
7 if capacity should be reduced or by how much;
8 rather, that it's just a consideration that we
9 need to make in management.

10 And so the fishery specifics are
11 very important. What are the bycatch? How
12 many fisheries do they operate in? If you're
13 measuring the capacity in one fishery, well,
14 maybe that boat participates in two different
15 fisheries. Therefore, you know, they're using
16 two different stocks. They may need more
17 capacity. So there's a lot to look at there.

18 Are the stocks in a rebuilding
19 program? Are they over fished? Is over
20 fishing occurring? How is the capacity
21 related to them?

22 And we have seen if you look on

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1 that list, and, again, there's a table in
2 there, where we look at those where the
3 capacity rates, the over capacity rates are
4 higher, and you'll notice those with the
5 higher rates have more over fishing occurring.

6 So it may not be a one for one connection,
7 but again, it's another connection that we
8 need to look at.

9 So this is kind of a common
10 management problem, is, you know, are you
11 reducing the capacity or is your management
12 just working around it? In other words, you
13 do seasonal closures, but the same capacity is
14 out there and now you start creating races for
15 fish during certain periods of time, and once
16 you start creating those races for fish,
17 there's an incentive to increase your
18 capacity, bigger and faster boats to haul
19 things in quicker.

20 So I think the bottom line of this
21 is not so much the specifics but the over
22 arching things. Yes, capacity is something we

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1 need to look at. It needs to be considered.
2 It's not the root of all evil. It's not the
3 root of all fishing, but it is something that
4 can lead to those things that we need to look
5 at as we move forward in the larger context of
6 fisheries management, but then also in any
7 buyouts or disaster type assistance programs
8 we pursue in the future.

9 And unless you do want to go
10 through the report line by line, I'll stop.

11 MR. BILLY: Okay. Thank you.

12 MR. RISENHOOVER: And hopefully
13 answer Jim Gilmore's questions. He's just
14 taking notes.

15 MR. BILLY: Okay. Larry.

16 MR. SIMPSON: You know, the
17 industry funded buy-back, it's state, not
18 industry. In Texas they bought back in shore
19 shrimp licenses and bay ship licenses.

20 MR. RISENHOOVER: When we get into
21 some of this we need to look at how it is
22 reduced in some fisheries that were affected

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1 and then see if we can apply those tools
2 elsewhere.

3 MR. BILLY: Mark.

4 DR. HOLLIDAY: You said the report
5 was based on information from 2004.

6 MR. RISENHOOVER: Yes.

7 DR. HOLLIDAY: So is there an
8 effort underway that periodically will give
9 you another snapshot of this in the future or
10 is that just a one time event?

11 MR. RISENHOOVER: We've talked a
12 little bit about following this up. What I've
13 mainly talked to folks about is, you know,
14 this 2009 goal we kind of said for reducing.
15 We need to have some sort of update or
16 something to look specifically at that. I
17 guess we'll have to explain how we met our
18 goal or at least I would like to know.

19 But this report just came out in
20 April. I don't know if there's any -- there
21 was a similar, not a similar, but another
22 complementary report that S&T put out in 2008.

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1 The title escapes me, but I think that was
2 the third of the series. So, yes, there needs
3 to be additional work on capacity. No, we
4 haven't planned exactly what that is.

5 MR. BILLY: Jim.

6 MR. RISENHOOVER: I was joking,
7 Jim.

8 MR. GILMORE: Yeah, I know. You
9 woke me up though.

10 (Laughter.)

11 MR. GILMORE: You know, thinking
12 back from the way the pollock industry was
13 back in the mid-1990s when we had excess
14 capacity, we had over capacity, we had
15 abundant capacity, we had irrational capacity.
16 We had every kind of --

17 MR. RISENHOOVER: How about
18 exuberant capacity?

19 MR. GILMORE: Exuberant capacity,
20 but we had a conservative TAC and we stayed
21 within that. Monitoring enforcement wasn't an
22 issue, but we had a lot of bankruptcies in

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1 that sector, and it was interesting kind of
2 listening to sort of trying to measure the
3 excess capacity and the over capacity and then
4 trying to correlate that to over fishing. I
5 wonder if you have sort of a third category
6 there that can somehow say, "And here's the
7 relative socioeconomic health of the
8 industry."

9 MR. RISENHOOVER: right. In the
10 report we also did look at the values at the
11 fishery. We didn't try to measure any kind of
12 economic health, but we also tried to look at
13 some of the ex vessel values of these
14 fisheries as well. So there's a lot of kind
15 of data in there and tables, you know,
16 different ways of looking at things because we
17 wanted to have kind of an alternative to
18 there's the list - go fix it. And have some
19 modifiers on that that, well, you know, maybe
20 in ocean quahog, surf clam a little excess
21 capacities is fine. There's no reason to
22 reduce it.

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1 MR. BILLY: Chris.

2 MR. DORSETT: I'm just curious in
3 looking at the fisheries if there was just
4 limited to commercial fisheries or did you
5 explore, for example, the for-hire sector in
6 the Gulf o Mexico to see if it might fit.

7 MR. RISENHOOVER: I don't believe
8 that we did. I think it was all commercial,
9 although I think there was one category of a
10 diving fishery. I don't know, but I would
11 think that was probably a commercial one, as
12 far as I know.

13 Somebody else had mentioned earlier
14 in the week how do you measure capacity in
15 recreational fisheries. I meant to mention
16 that. That's something we do need to address.

17 MR. BILLY: Okay. Dave.

18 MR. WALLACE: Yeah. I guess I
19 would hope that Congress would not say fix all
20 of the fisheries that you say are over
21 capacity because I just happen to know a
22 little bit about certain co-ops, and I can

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1 assure you that the capacity in that fleet is
2 just what the owners want it to be, and since
3 it's a year found fishery, but there is a high
4 demand time in the fall, and so they tie up
5 vessels through the summer during the low
6 demand period and bring them back just so that
7 instead of putting product in inventory, they
8 let their products be inventoried in the ocean
9 and captured when they need it.

10 MR. RISENHOOVER: Right, right.
11 And that's why I try to, you know, always go
12 right by that 21, because it just says it
13 exists.

14 MR. WALLACE: Right.

15 MR. RISENHOOVER: It doesn't say
16 why or it doesn't say if it's good or bad. It
17 just says when you do the math, you know,
18 through that one example, it exists.

19 MR. WALLACE: When you have ITQs
20 with unlimited transferability and the good
21 thing about the clam fishery which some IFQs
22 don't have is that if they need to add

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1 capacity they can. A lot of the IFQ programs
2 put a cap on it, and so they're going to have
3 to have a new management plan to allow
4 additional capacity as the stocks grow.

5 MR. RISENHOOVER: Right.

6 MR. WALLACE: And so the clam
7 fishery should just be ignored as far as
8 capacity is concerned because the participants
9 get to set the level, whichever, but their
10 company.

11 MR. RISENHOOVER: Right, and that's
12 something, again, this is a slice in time
13 here. If the stock is severely over fished
14 and we're saying there's excess capacity, we
15 didn't try to figure out, well, when it
16 rebuilds to its full, you know, BMSY, what is
17 it. We didn't do that. We just said at this
18 time in 2004, this is what it is.

19 We did submit this report to
20 Congress. Once it was submitted I started
21 sweating, figuring, you know, the briefings,
22 the calls, the legislative proposals would

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1 start rolling in, and they haven't.

2 So you know, I think instead of a
3 report to Congress, it's something we can use
4 a little bit more internally to kind of guide
5 what we do in the future.

6 MR. BILLY: Cathy.

7 MS. FOY: I'm going to pass.

8 MR. BILLY: Okay.

9 MR. RISENHOOVER: Before you leave,
10 you've got to tell me what over capacity
11 means.

12 MR. BILLY: Bob.

13 MR. RISENHOOVER: I don't have to
14 day that before I leave.

15 MR. FLETCHER: Alan, West Coast
16 Highly Migratory Species is a curious one on
17 there because they're a minor player in the
18 international fishery for, say, albacore which
19 is probably one of the key species that West
20 Coast Highly Migratory target. How can you
21 consider that being excess capacity when
22 they're taking such a minor share of the

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1 overall resource?

2 MR. RISENHOOVER: Again, I can't
3 speak to the individual ones. I just know
4 that based on the data they used, they did
5 that little equation, and it's look like that
6 one is about at 12 percent. So, yeah, I could
7 find out for you, Bob, but I don't know off
8 the top of my head the specifics that led to
9 that calculation that put it on the evil
10 slide.

11 MR. BILLY: I think Cathy has
12 something.

13 MS. FOY: I can't stand it. I have
14 some more.

15 MR. RISENHOOVER: Can I answer the
16 question?

17 MS. FOY: I don't know, maybe you
18 can, and maybe it's just that I'm just not
19 really getting the whole socioeconomic part of
20 this, but we have ecosystem management, and
21 we're going towards fluctuating TACs so that
22 we can account for shifts in stock and climate

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1 change, and if we overly control our fleet,
2 how are we going to rapidly change to reach
3 maximum sustainable yield with the stocks.

4 MR. RISENHOOVER: Right. That's
5 why you can't look at this as the only thing
6 saying you should match your capacity to
7 exactly what the harvest level is now.

8 MS. FOY: So that's not really the
9 goal, is to pare back the fleet.

10 MR. RISENHOOVER: No, the goal of
11 this was to show where there may be some
12 capacity issues, and that's why we added that
13 third category Congress didn't really require.

14 MS. FOY: Right.

15 MR. RISENHOOVER: Isn't subject to
16 over fishing, and there was really no way to
17 show that on a slide of, you know, which ones
18 are fishery or other than picking them out,
19 which ones are subject to over fishing or just
20 stocks over fished or have they been over
21 harvesting their quota.

22 We tried to pull that in to mute

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1 some of those things that were just, you know,
2 an example of something that may be
3 meaningless. So you've got to look at the
4 specifics for each fishery and say in this
5 case, yes, maybe some excess or over capacity
6 is fine because the stock is rebuilding or
7 it's at a high level or it may be at a higher
8 level or prices have changed.

9 I don't know if there was an
10 answer.

11 MS. FOY: It was good enough to
12 confuse me further.

13 MR. RISENHOOVER: Then I'll be
14 quiet.

15 MR. BILLY: Okay. Tom.

16 MR. RAFTICAN: I'm intrigued by
17 Chris' question about over capacity at a
18 recreational fishery, and we're looking at
19 Southwest Coastal pelagics, West Coast HMS,
20 Pacific Coast groundfish. It brings up an
21 interesting quandary for us on the West Coast.

22 I don't know how you define that. You know,

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1 a lot of what we do is on opportunity and not
2 necessarily take.

3 Have you done anything on that or
4 has anybody looked at things like that? I
5 would just like to see what you've got on it.

6 MR. RISENHOOVER: We didn't do
7 anything as part of this report. I don't know
8 if that exists or not. Off the top of your
9 head?

10 MS. CURTIS: No. The NMFS
11 economists, the recreational economists
12 actually don't think it's a useful method for
13 the recreational fisheries. It's a useful
14 method for the commercial fisheries, but it's
15 limited in some ways, but it's just not a
16 useful method for looking at recreational.

17 MR. RISENHOOVER: You know, after
18 you read the report tonight, and I'm sure you
19 will, if you have other questions let me know
20 and I'll find somebody smart enough to answer
21 because it ain't me.

22 MR. BILLY: Okay. Thank you.

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1 MR. RISENHOOVER: Thanks.

2 MR. BILLY: All right. So where do
3 we stand here?

4 DR. HOLLIDAY: I think a question
5 to ask from this afternoon is does anything
6 that we've heard change the terms of reference
7 for the group that was discussed prior to
8 lunch.

9 MR. BILLY: Okay.

10 DR. HOLLIDAY: Or are we happy that
11 that charge we defined would be changed by
12 this information about CZMA or capacity
13 implications or the NMFS programs
14 specifically? That question just to pose.

15 MR. BILLY: Yeah. We've heard now
16 about the CZMA and capacity and the various
17 NMFS assistance programs. I guess the
18 question to you is: is there anything we
19 heard that ought to change the terms of
20 reference that we set up this morning for the
21 follow-up on disaster assistance and our
22 approach there?

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1 I mean, we're free to consider
2 these aspects as part of that. Is there
3 anything, any adjustment anyone thinks we
4 should make?

5 (No response.)

6 MR. BILLY: I guess not. Okay.

7 MR. CATES: I guess I'm confused
8 what you're asking. What we've heard so far
9 relating to the disaster relief?

10 MR. BILLY: We're going to follow
11 up along the lines that we talked about this
12 morning. We can also incorporate into our
13 thinking and analysis these other
14 considerations as appropriate. So do we need
15 to change the approach we've decided on this
16 morning?

17 MR. DEWEY: Can we hear again? Did
18 someone capture in writing our direction from
19 this morning?

20 DR. HOLLIDAY: Not verbatim. The
21 motion that was made was we'll go back to the
22 tapes and synthesize from the discussion of

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1 the morning what this working group of 11 or
2 12 people would be looking at with the goal of
3 developing a work plan with an ultimate
4 product of a set of principles for the
5 department with respect to policies affecting
6 fisheries disaster assistance and other
7 federal policies that influence fisheries,
8 long-term sustainability of fisheries
9 communities and infrastructure.

10 So we heard all of these different
11 presentations. We go back with this group and
12 we look at that transcript and develop a terms
13 of reference, what the group would be looking
14 at, but we had some basic ideas or principles
15 based on what the speaker said this morning
16 that we'd look out for with respect to, you
17 know, roles and responsibilities, what NOAA
18 was looking for as far as direction.

19 So I don't have a verbatim motion.
20 We didn't have a formal motion. We just said
21 --

22 MR. DEWEY: Well, I think you've

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1 captured it.

2 DR. HOLLIDAY: -- we'd assemble
3 this group.

4 MR. DEWEY: Captured it pretty well
5 with your summary right there, but at least
6 from this afternoon I know Randy and the
7 capital construction account there, the
8 capital construction funds, you had an
9 interest in interacting more with NOAA and
10 trying to make those more applicable
11 throughout the culture.

12 And for myself, on CZMA
13 reauthorization, I'm very interested in
14 pursuing the ability for states to do
15 aquaculture planning. You know, whether we do
16 that through MAFAC or individually, I fully
17 intend to.

18 MR. BILLY: Randy.

19 MR. CATES: Having heard what you
20 just said, it's my firm belief that if we're
21 going to have resilient coastal communities,
22 it's going to involve aquaculture. It seems

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1 to me we just haven't really accepted it yet,
2 but it's just a fact of reality if you look at
3 the seafood industry.

4 If you're going to do that any
5 less, we have to redo the loan program. I'm
6 here to tell you from personal experience it
7 will not work the way it's set up now. The
8 loan program themselves are asking for help
9 from us to give them a new set of rules. I
10 think MAFAC will play a really important role
11 in that because the rules that they have to
12 play by right now, it's a square peg trying to
13 put in a round hole. It just doesn't fit, and
14 they don't know how to. They can't lobby.
15 They can't change things. We have to change
16 them.

17 So I think definitely we're going
18 to have a vibrant industry if we have to look
19 at that loan program to make it work.

20 MR. JONER: This is related to the
21 sustainable communities, and I was thinking
22 about what Dave said this morning about the

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1 lobstermen selling their palace for a million
2 dollars or whatever. You know, the hot thing
3 where we live, where I live on the peninsula,
4 there's an area in the rain shadow of the
5 Olympics, squid dungeness valley, and there's
6 a few farms left. It used to be all farms not
7 long ago.

8 So they got these groups like
9 Friends of the Fields, and what they're trying
10 to do is buy up the development rights of the
11 remaining farms, and the community is really
12 behind it because then you have locally grown
13 produce, and you don't have to truck
14 everything in from California, even though
15 they are trucking in Californians to buy up
16 the -- and Alaskans.

17 (Laughter.)

18 MR. JONER: I can't believe the
19 number of Alaskans that move there.

20 So is there any kind of program
21 anywhere along the coast that has a similar
22 program in place where the development rights

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1 of these fish plants, rather than selling it
2 for multi-millions of dollars for a condo, you
3 sell the development rights and then that
4 can't be developed into something other than
5 what it's intended for? Fish processing,
6 fishing boats, yachts.

7 And if not, I think that's
8 something worth pursuing. Are you looking at
9 some of these safe the farms, save the fields
10 programs that could be applied to the fishing
11 communities?

12 MS. FELLER: Well, I think that's
13 an interesting idea. A lot of state have
14 established PDR programs for transfer of
15 development rights to compensate land owners,
16 you know, for putting these restrictions on
17 their land voluntarily.

18 I mean, I know how they're used for
19 conservation to kind of keep low impact uses
20 on the land and help farmers recoup some of
21 the asset value of their properties. It might
22 be real interesting to get somebody maybe from

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1 the Land Trust Alliance to come in and talk
2 about PDR with MAFAC, maybe come up with
3 something to explore how that might be
4 relevant to working waterfront.

5 Trust for Public Land has done some
6 work on working waterfront issues, too. They
7 are more intentional kind of urban issues.

8 MR. JONER: You know, what Randy
9 said about trying to diversify and save the
10 communities by aquaculture. I think Bill can
11 tell you once there's million dollar homes up
12 along the waterfront, nobody is going to even
13 be able to put a net down out there. So, you
14 know, that's the thing we're up against.

15 MR. DEWEY: There are some programs
16 around this where development rights on
17 fishing docks have been purchased. There are
18 some models out there, some examples.

19 MR. JONER: I would just like to
20 see when this group gathers again to have some
21 information like that that we could adopt or
22 do something with.

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1 MR. CATES: One thing we need to
2 try and get, I think, too, is the idea that
3 our industry represents the consumer. We
4 always talk about our fishing industry, but
5 what we're really doing I heard it mentioned
6 yesterday. We're supporting a product for the
7 consumer. Now, we really don't have that
8 consumer's voice. So that should mean to our
9 community that the fishing dock has a greater
10 importance because we're providing healthy
11 seafood for the community and the bigger
12 public.

13 We're kind of missing that link.

14 MR. BILLY: Martin.

15 MR. FISHER: I just wanted to offer
16 Steve again you could approach your state
17 representatives and ask them to put something
18 on the state constitutional ballot to where
19 working waterfront is taxed at a different
20 rate than the surrounding comparable real
21 estate. It certainly wouldn't take care of
22 the deed restriction, but it would allow

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1 existing enterprises to continue in the face
2 of development around them without, you know,
3 having a two-face about the same tax rate.
4 Because that's what we did in Florida, and it
5 worked. I know 69 percent of the vote was in
6 favor of it.

7 MR. JONER: When was that?

8 MR. FISHER: Just on the national
9 election, November 4th.

10 MR. JONER: But what was the
11 initiative or whatever, referendum, whatever
12 it was? Do you know the number of it?

13 MR. FISHER: It was a
14 constitutional amendment.

15 MR. JONER: Oh, constitutional
16 amendment. Okay. I'll just look it up.

17 MR. BILLY: Okay. Is there any
18 other business? Yes, Dorothy.

19 MS. LOWMAN: Well, before lunch I
20 brought up several little different points on
21 this economic research. I wrote up something
22 for the Committee's consideration as a motion.

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1 MAFAC believes that socioeconomic
2 data collection is essential to understand the
3 impacts on communities and appropriate
4 responses to both fishery disasters and
5 changes to fisheries management. We support
6 the NOAA fisheries budget request for
7 increased appropriations for socioeconomic
8 research.

9 In addition, we recommend that NOAA
10 fisheries develop a policy that LAPP programs
11 include a requirement that quota shareholders
12 provide basic socioeconomic information that
13 could assist evaluating the impacts of the
14 program. This data submission requirement
15 should be mandatory, but at the same time cost
16 effective and not overly burdensome.

17 So that's it.

18 MR. BILLY: Is that in the form of
19 a motion?

20 MS. LOWMAN: That's in the form of
21 a motion.

22 MR. BILLY: Second?

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1 PARTICIPANTS: Second.

2 MR. RAFTICAN: Would you read the
3 last part of the sentence? I couldn't hear.

4 MR. BILLY: Read it all again.

5 DR. HOLLIDAY: Do you want us to
6 put it up?

7 MS. LOWMAN: Do you want to put it
8 up there?

9 MR. CATES: Tom, while we're doing
10 that, is this the time where you'll take the
11 other for future agenda, future ideas?

12 MR. BILLY: Yes.

13 MR. CATES: One thing I would like
14 to hear is since it's an intricate part of
15 fisheries is the councils and are they working
16 properly? Is each area working differently?

17 I mean if we're an advisory
18 committee, that seems to be an area that
19 should be looked at.

20 MS. FOY: Is there a standardized
21 approach?

22 MR. REISNER: You're advising us on

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1 all of our programs.

2 MR. CATES: I mean, it seems from
3 what I do know each area acts or governs
4 differently in what's working and what's not
5 working.

6 MR. BILLY: Is there a review? I
7 thought I read that there's a review of the
8 council process, councils. Does anyone know?

9 MR. REISNER: Alan is gone. We are
10 going through redevelopment of the grants
11 associated with the councils. They have five-
12 year grants, and they're being renewed this
13 next year, and in those grants we're asking
14 them to develop some performance metrics to
15 say what are you going to accomplish and how
16 is it helping the mission and so we can
17 essentially document that, in fact, they're
18 working towards the goal and they're meeting
19 metrics.

20 We don't really have them in place
21 right now. So that's one area.

22 I think, and I'm sort of looking at

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1 Martha, I know there are some reports that are
2 being done related to council membership, and
3 I don't know what the status of those are
4 either.

5 MR. CATES: I think that is
6 something that I view is worth reading about.

7 MR. SIMPSON: Mr. Chairman.

8 MR. BILLY: Yes.

9 MR. SIMPSON: I mean, it's somewhat
10 subjective. Even metrics, you know, Council
11 A, B, C, D says I'm going to do this, and they
12 did it. What they did may be off or not
13 order. You heard how hard we worked on red
14 snapper and everything but drilling a hole in
15 the bottom of the boat. It somewhat didn't
16 work. As far as metrics was concerned, it
17 would be great. In the long run we've kind of
18 gotten there. It's real subjective.

19 MR. REISNER: Tom, if I can follow
20 up.

21 MR. BILLY: Yes.

22 MR. REISNER: You've heard the

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1 discussion on CZMA and part of the issue was
2 the program was giving grants to individual
3 states, but there was really no coherent
4 effort to say, well, what are we accomplishing
5 today, and so part of what we're trying to do
6 is to say to get some coherent essence of what
7 we're accomplishing, yes, it may be different
8 for each council because each council has
9 different needs and priorities, but at the end
10 of the day handing over fishing or
11 sustainability are going to resonate
12 throughout all of them, and getting some
13 metrics associated with that even though there
14 may be some specific ones for individuals I
15 think would be worthwhile.

16 MR. CATES: Sure. I mean it might
17 be something as simple as asking the councils,
18 if we ask them how can you improve this.

19 MR. SIMPSON: It's easy to do, but
20 if you ask Chris' opinion, the Gulf Council,
21 and my opinion, you might get two different
22 answers. I mean, as long as you're doing

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1 something that's fine, but if somebody wants
2 you to be doing it this fast, that's two
3 different opinions.

4 MR. BILLY: Maybe what we could
5 consider is given the work that's being done
6 now in terms of renewal of five-year grants
7 and adding these criteria, at our next meeting
8 we could learn more about that and where that
9 stands and then have a further discussion,
10 maybe some additional briefing on the councils
11 and how they're working, you know, if there
12 are different approaches. I'm not sure, but
13 something that would start to inform us more
14 about a council and how it's functioning, and
15 then we can talk about where we go from there.

16 How does that sound? Yes, Chris.

17 MR. DORSETT: The councils do so
18 many things. Do you want to look at
19 particular aspects of the things they're
20 doing? Because it would probably be a mixed
21 review.

22 MR. BILLY: Yeah. That makes

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1 sense, but I don't know how to do that right
2 now.

3 MR. SIMPSON: Just start and let's
4 see.

5 MR. DORSETT: Then maybe narrow it
6 down.

7 MR. BILLY: And then narrow it down
8 or maybe sequence and look at different
9 aspects over a series of meetings.

10 DR. HOLLIDAY: Well, why don't we
11 and staff take a crack at trying to define
12 what we've heard and send that back out for
13 your consideration --

14 MR. BILLY: Okay.

15 DR. HOLLIDAY: -- as something to
16 chew on?

17 MR. BILLY: Okay. That sounds
18 good.

19 DR. HOLLIDAY: Along these lines.

20 MR. BILLY: Okay. Now you can see
21 the language. We have a motion and a second.
22 Any further discussion?

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1 (No response.)

2 MR. BILLY: No? Okay. All in
3 favor say "aye."

4 (Chorus of ayes.)

5 MR. BILLY: Opposed?

6 (No response.)

7 MR. BILLY: Pass.

8 MR. FLETCHER: I had a question for
9 Gary, Tom, and it might be the subject of some
10 future discussion. You know, it seemed to be
11 a no-brainer that something has got to be done
12 about capital construction funds, and yet it
13 just goes on and on and nothing ever gets
14 accomplished, and people are suffering, people
15 who put money in their accounts with all the
16 right intentions of building an abode or
17 upgrading their abode and then were told you
18 can't do that. Basically they were screwed.

19 And yet every year we hear about
20 bills that are introduced that don't go
21 anywhere. I don't have an answer, but I'm
22 frustrated because it should be an issue that

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1 gets addressed.

2 MR. REISNER: I don't want to say
3 it's quite that simple. I mean, again,
4 without saying that the administration has a
5 position because it really doesn't, I can tell
6 you in Treasury Department and where IRS is,
7 they object to changes in this. They view it
8 as, you know, people made business decisions
9 to put this money here, and if you expand the
10 uses of the money, then you reduce the federal
11 revenues that are going to be the tax base
12 that is going to come in.

13 You know, in fact, that's what
14 would happen. If you got more uses that you
15 can use it, there's going to be less tax
16 revenue associated with it. Is that a good
17 societal use of our tax expenditures? I'm not
18 saying that. I'm just saying there are issues
19 here that are just bigger than what appears to
20 be a no-brainer because sometimes it appears
21 to be a no-brainer to me.

22 MR. FLETCHER: Just a follow-up.

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1 Fishermen made business decisions with the
2 understanding that they were going to be able
3 to use the money for specific purposes. Now
4 they can't do that.

5 MR. REISNER: Well, no. There's no
6 prohibition for using this money the way it
7 was originally put in those accounts for us.
8 Somebody in northeast fisheries can take their
9 money out and construct a new vessel for
10 fishing in the northeast groundfish fishery if
11 they want to. I understand from a business
12 perspective that doesn't make sense.

13 But I'm commenting, Bob, on your
14 term they "can't" do it. They can, but it
15 doesn't make business sense and from a fishery
16 management perspective it's not something we
17 would necessarily like to see.

18 MR. BILLY: Is this an item that we
19 would like to delve into further at our next
20 meeting or one of our next meetings?

21 MR. FLETCHER: I mean this affects
22 all sectors of the nation, Tom.

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1 DR. HOLLIDAY: If you want to
2 express an opinion on a legislative priority
3 or solution for the next administration, but I
4 don't think there's a -- there's not going to
5 be a lot of debate and further discussion.
6 The issue is pretty well presented.

7 MR. DORSETT: This falls into that
8 larger umbrella associate principle that may
9 be something that might come up in that
10 discussion.

11 MR. FLETCHER: The group part of
12 this.

13 MR. BILLY: Could, yeah. Martin.

14 MR. FISHER: With the amount of
15 money that the capital construction fund in
16 terms of what's actually in it represents,
17 it's close to a third of the annual budget of
18 NOAA. It's no chump change. It's a big deal.

19 I think Bob's impassioned remarks are quite
20 appropriate. We should send a message or give
21 some guidance to rewrite the legislation so
22 that people that are stuck in this development

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1 will get some relief.

2 I don't really think that's -- I
3 mean, to me it's a no-brainer. It's sort of a
4 slam dunk situation. Even Gary is sort of
5 supporting the notion that this is antiquated
6 legislation and this is a change, and that
7 some Senator who just got replaced was working
8 on it. So if it has the recommendation of
9 MAFAC through the next administration to make
10 it a priority to take care of it.

11 PARTICIPANT: The views expressed
12 were my own.

13 (Laughter.)

14 MR. BILLY:

15 Would proposed language, whatever,
16 be, in terms of is it a recommendation to the
17 Secretary?

18 DR. HOLLIDAY: You can convey as
19 one of the recommendations the results of this
20 meeting and the action items that you want to
21 inform the Secretary of MAFAC's concern on
22 this issue with the recommendation that some

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1 legislative relief -- that the department work
2 with respective members on the Hill to seek a
3 solution to this issue.

4 MR. FLETCHER: I like it.

5 DR. HOLLIDAY: That's a perfectly
6 legitimate thing for MAFAC to do.

7 MR. BILLY: Okay. Did everyone
8 hear that? No? Can you say it?

9 DR. HOLLIDAY: Well, I was just
10 giving the example. It 's perfectly
11 legitimate for MAFAC to make as part of a
12 recommendation or an action coming out of this
13 meeting that this item as discussed and that
14 MAFAC is advising the Secretary to work
15 collaboratively with the legislature to try to
16 find a remedy for this problem that has these
17 kinds of consequences, and you know, the
18 Committee would strongly endorse taking action
19 to fix it.

20 Not those exact words, but that's
21 the gist of it. It's an action recommendation
22 coming out of the deliberations of your

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1 November meeting. That would be sent forward
2 specifically to the department.

3 MR. WALLACE: Do you need some help
4 to do that?

5 MR. BILLY: Yes.

6 MR. FISHER: I would move for
7 everyone to march outside.

8 (Laughter.)

9 MR. BILLY: Second? Okay.
10 Seconded.

11 Any further discussion?

12 (No response.)

13 MR. BILLY: No? Okay. All those
14 in favor say "aye."

15 (Chorus of ayes.)

16 MR. BILLY: Opposed?

17 (No response.)

18 MR. BILLY: We have it. Good.

19 MR. CATES: One last issue I would
20 think that we need to look at is how we
21 deliver our advice. I know we touched on it
22 the last meeting and this meeting, but we

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1 haven't really refined that yet. I hope we
2 don't forget about that. We shouldn't be just
3 talking to ourselves. We've got to deliver
4 part of this.

5 MR. BILLY: That certainly could be
6 a component of a discussion with the new
7 Secretary, highlighting two or three of the
8 key recommendations in addition to the other
9 things we talked about.

10 MR. JONER: Or it would be helpful
11 to have, you know, two or three of these
12 subjects have bullets prepared so that we go
13 in, you know, at least all with the same
14 message and then we could give our personal
15 perspective on it.

16 MR. BILLY: Very good.

17 MR. JONER: That would be helpful.
18 We're at least going to be hearing the same
19 song, our own rendition of it.

20 MR. BILLY: Okay.

21 DR. HOLLIDAY: For the benefit of
22 the new members as well as the old, you know,

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1 30 days after the end of the meeting we're
2 supposed to prepare a written summary of the
3 actions and recommendations coming out of the
4 Committee, which I forward to you for
5 approval, and that becomes the record that
6 then goes forward to NOAA and to the
7 department, and our FACA obligation gets
8 posted to the FACA Website as well for the
9 public to see what findings and
10 recommendations.

11 And within that, the bullets will
12 be identified by action and recommendations.
13 So there is a mechanism. I think Randy has
14 talked in the past about in addition to making
15 a paper report, do we want to have someone
16 orally present that from the membership to
17 higher leadership as a new way of doing
18 business. But you should note or remember
19 that we do this report on a routine basis.

20 MR. BILLY: We started to do that,
21 and 2020 is a good example where we hand
22 carried it and made sure that the hierarchy

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1 was aware of it.

2 Okay. With that unless anyone has
3 any other matters to raise?

4 (No response.)

5 MR. BILLY: No? Then I am pleased
6 to call this meeting adjourned.

7 (Whereupon, the above-entitled
8 matter was concluded at 3:15 p.m.)

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