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Testimony on: **October 12, 2011, at 10:00AM, in room 1324 Longworth House Office Building**, the Committee on Natural Resources, oversight hearing on *“One Year after President Obama’s Gulf of Mexico 6-Month Moratorium Officially Lifted: Examining the Lingering Impacts on Jobs, Energy Production and Local Economies.”*

Good Morning, my name is Bruce Craul, and I am the Chief Operating Officer of a company called Legendary Hospitality, located in Destin, Florida, which is in Northwest Florida between Panama City and Pensacola. I am also the Chairman Elect of the Florida Restaurant and Lodging Association.

Legendary Hospitality is the operations arm of a company that designs, develops, sells, builds, owns and operates Hospitality related industries in Destin, Florida. Our businesses include The Emerald Grande; a 780 bedroom resort condominium hotel with four star hotel amenities; two festival shopping centers; one called HarborWalk Village, where the Emerald Grande is located on the Destin Harbor and the other is Destin Commons located in the town’s center.

We also own and operate Regatta Bay Golf and Country Club, Legendary Marine and Marina; an indoor dry stack storage for over 700 boats, and the southeast’s largest indoor boat showroom. HarborWalk Marina located at the mouth of the harbor at HarborWalk Village which has seventy five wet boat slips for much of Destin’s Charter fishing fleet, and of course fuel and supplies for much of the area’s leisure boating community. HarborWalk Charters, a booking service, together with our three Charter fishing boats along with other ancillary businesses round out our presence that is very dependent on tourism in the Panhandle.

Our real estate development and sales arm has been instrumental in progressing Destin’s infrastructure and product offering to what it is today by developing large parcels of land and playing an important role together with the city, county and state with its land development code and associated development codes, rules and regulations.

The Florida Restaurant and Lodging Association, headquartered in our State Capital in Tallahassee, has over 10,000 members who employ over a million people in the State of Florida, a business which is Florida’s largest employer. Tourism represents 20% of Florida’s economy and is the largest industry in Florida with a 57 billion dollar economic impact.

The Panhandle of Florida has a 100 day season representing 70% of the year’s business. The rest of the business primarily transpires during the spring and fall shoulder seasons. The Deepwater Horizon incident devastated our businesses last year and although this summer much of our business has returned, thanks to millions of dollars being spent on the promotion of tourism derived from BP funds, we are still affected by lasting effects of the Deepwater Horizon incident, including the offshore moratorium, since much of our feeder market business comes from our drive markets, many of which are to the west of Florida. Louisiana for example is our number two feeder market barely trailing the Atlanta metro area. So, when there are jobs lost or affected in our feeder states, then our business is affected. When people are thinking about how to pay for the groceries, the mortgage or car payment, going on vacation is not even on their radar.

While the Florida Restaurant and Lodging Association has taken the position over the years to not support offshore drilling in Florida, for numerous reasons, its board members know that many of our

tourists, visitors, and convention and conference attendees are from energy related businesses in the states to our west. Many of our condominium second home buyers collectively are from Alabama, Mississippi, Louisiana, and Texas. Since many of the energy related businesses employees are not even vacationing, you can surmise that they are not buying second homes either.

When the moratorium was put in place, one of our partner's sons, Shane Guidry, the President and CEO of Harvey Gulf International in Louisiana, one of the largest companies that move rigs, informed us that they would be moving a lot of the rigs from the Gulf. They said that the owners of the rigs could not afford to stay and wait out the moratorium and that most certainly the same rigs could be used in other parts of the world. Harvey Gulf International whose task is to tow and or carry rigs from one place to another moved the following rigs; The Clyde Boudreaux, a Shell rig to Brazil, the Transocean Armante an EL rig to Africa, Shell's Paul Romano rig to Egypt, Noble Energy's Ensco 7500 to Israel, the Ocean Monarch to Vietnam, the Transocean Marianas to Africa, two jack rigs, the Rowland Gorilla II and Rowland Gorilla III to the Middle East, and Shell's Ensco 8501 to the Middle East. The rigs are gone and of course no one really knows when or if they will be coming back since rigs are in demand all over the world.

All of the jobs associated with these rigs left our Gulf area. The electricians, the crew boat operators, painters, plumbers, caterers, managers and supervisors, etc. are still unemployed or have left the area to go to where they can find work. Harvey's CEO, Shane Guidry told me this past Saturday that the permitting process still is lengthy so it will be a long time before we see the economic benefits of returning vessels and rigs to Louisiana which ultimately benefits Northwest Florida and overall Florida tourism.

Federal Regulations are not all new when it comes to "managing" the Gulf and certainly not less impactful to the Gulf coast economies. Permitting processes for maintaining our navigable water ways are long, cumbersome, expensive and restrictive. Two additional examples that we deal with every day involve the Army corps of engineers and the Gulf of Mexico Fishing Management Council.

Tropical storms or even just sustained winds over the course of several days can have a huge impact on the Destin's Pass connecting the Destin Harbor to the Gulf of Mexico. One would think that the home of Florida's largest charter fishing fleet would be at the top of the list when it comes to maintaining our waterways. Our Gulf Coast economies are very dependent on the Gulf and even more so this year since last year our Charter and Commercial fishing fleet were out of business due to the Deep Water Horizon incident.

The Gulf of Mexico Fishing Management Council which determines which species of fish can be caught as well as how much can be caught are restrictive to our economies since recreational fisherman want to keep the fish that they catch instead of throwing them back because they are out of season. Our local and state Charter Boat Associations attend all of the Federal and State Hearings concerning the fisheries management but it is rare that they don't compromise to the point that it is detrimental to our economies.

According to estimates in a 2000 study by the University of West Florida's Haas Center for Business Research and Economic Development, Destin's charter fishing industry injects approximately \$175 million in direct spending to the local economy and supports 7,242 jobs either directly or indirectly. These numbers represent a significant portion of Florida's \$5.5 billion fishing industry and the 75,000 jobs statewide that the industry supports. According to the Haas study, the majority of the economic impact of the charter fishing industry comes from the spending of tourists who are attracted to the area

by the fishing industry. The study shows that tourist spending on lodging, restaurants, transportation, retail merchandise, entertainment, and other goods and services results in an overall economic activity totaling approximately \$317 million and supports approximately 6,775 jobs in the area. Tourism spending represents 90.8% of the total economic activity that is generated by the fishing industry and 93.5% of the jobs that the industry supports according to the Haas study.

In summary, I would like to thank the committee for providing me the opportunity as a representative of many to come before you to speak. I welcome any questions that you may have regarding the aforementioned or any related questions regarding tourism, jobs, and how the public and private sector can work more closely together to create jobs and stimulate the economy along the Gulf Coast.

Thank you.