

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Environmental Preservation and Conservation Committee

BILL: CS/SB 1856

INTRODUCER: Environmental Preservation and Conservation Committee and Senator Bennett

SUBJECT: Vessels/Artificial Reefs

DATE: March 22, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Branning	Kiger	EP	Fav/CS
2.			CM	
3.			CA	
4.			TA	
5.				
6.				

I. Summary:

This committee substitute provides for the planning and development of a statewide matching grant program to assist in the reefing of decommissioned vessels to increase the opportunities for recreational diving and fishing. The grants would be used to secure and place U.S. Maritime Administration (MARAD) and U.S. Navy decommissioned vessels in state or federal waters seaward of Florida to serve as artificial reefs. Provides that the Fish and Wildlife Conservation Commission would administer the grant program. Provides for a pilot program to be established by the commission to fund the preparation and deployment of *U.S.A.F.S. General Hoyt S. Vandenberg* in the waters off the coast of Key West. Provides for an annual report to the Governor, President of the Senate, and the Speaker of the House of Representatives relating to the pilot program.

The committee substitute amends s. 370.25, F.S.

This committee substitute creates s. 370.255, F.S.

II. Present Situation:

On November 25, 2003, President Bush signed the National Defense Authorization Bill, HR 1588. Section 1013 of that bill provided that the Secretary of the Navy may transfer, by gift or otherwise, any vessel stricken from the Naval Vessel Register to any State, Commonwealth, or possession of the United States or any municipal corporation or political subdivision thereof for use as an artificial reef.

On occasion, the Navy has used unneeded ships as targets for military exercises know as SINKEX or sinking exercises. However, now these obsolete Navy vessels may serve as artificial reefs which will help promote marine life and fishing and relieve pressures on natural “coral” reefs. The Navy’s objective by seeking this program was to reduce the size of the inactive ships inventory in a cost-effective and environmentally sound manner.

Prior to the signing of HR 1588, the Navy disposed of its non-combatant ships through the U.S. Maritime Administration (MARAD), which is the government’s disposal agent for merchant type vessels of 1,500 gross tons or more. MARAD has had statutory authority since 1972 to donate obsolete vessels to states for sinking as artificial reefs. The Naval Sea Systems Command (NAVSEA) has worked with MARAD to develop a common process for the donation of “federal” ships for artificial reefing.¹

The first warship offered for donation by the Navy for sinking as an artificial reef was the *Oriskany*. The *Oriskany*, (also known as the *Mighty O*), the last Essex-class aircraft carrier in the fleet’s inactive ship inventory, served the Navy for more than 25 years during the Korean War and the Vietnam conflict. The ship was decommissioned September 1976. This was the first time the Navy used the EPA National Guidance for Preparing Vessels to Create Artificial Reef Habitat² and the first time the Navy was seeking, for the reefing of the vessel, a risk-based disposal approval under 40 C.F.R. 761.62(c).

The *Oriskany* was successfully reefed on May 17, 2006, 24 miles southeast of Pensacola Pass and became the world’s largest artificial reef.

On February 13, 2007, MARAD issued a press release announcing that the *General Hoyt S. Vandenberg*, a troop carrier and missile-tracking ship, will become an artificial reef off Key West, FL. Maritime Administrator Sean T. Connaughton approved the transfer of the *Vandenberg* to the state of Florida, which plans to turn the 63-year old vessel into an artificial reef later this year. The approval clears the way for the ship to be cleaned and sunk for a reef.³ The proposed sinking date for this vessel is anticipated to be April, 2008.⁴

Section 370.25, F.S., provides that the Fish and Wildlife Conservation Commission (FWC) is authorized to accept donations of military vessels. Also, the FWC is authorized to accept title, on behalf of the state, to vessels for use in the artificial reef program as offshore artificial reefs. The program may be funded from state, federal, and private contributions. This section also authorizes the commission to adopt rules establishing criteria for siting, constructing, managing, and evaluating the effectiveness of artificial reefs placed in state or adjacent federal waters, and the criteria for transferring the vessel titles to the state for offshore artificial reef deployment. The FWC is required to track all artificial reef development activities statewide, and maintain a database of these activities for the public interest and to facilitate long-range planning and coordination.

¹ *ex-USS Oriskany to Serve as Artificial Reef*, Navy Newstand, 2/9/004

² www.epa.gov/owow/oceans/habitat/artificialreefs/finalguidance.html

³ www.marad.dot.gov/Headlines/2007/Vandenberg/MARAD%2003%2007%20Vandenberg.htm

⁴ Florida Fish and Wildlife Conservation Legislative Bill Analysis for SB 1856 – 2007.

The FWC, in cooperation with Escambia County, were instrumental in the reefing of the *Oriskany*. The preparation and sinking costs of approximately \$21 million were mostly funded by the Navy, with Escambia County contributing \$950,000 of the cost and Okaloosa County contributing \$50,000 of the cost.

The reefing of the *Oriskany* was the first vessel in this new program by the Navy and MARAD. The Navy is seeking partners to support the cost of preparing Naval vessels for reefing.

Currently, there is not an agreed upon means of equitable geographic distribution of large military vessels from the Navy and MARAD to competing local coastal governments within the state of Florida. Eight coastal counties have received permits for artificial reef sites that are greater than 150 feet deep, and there are 15 counties with reef sites deeper than 100 feet. The U.S. Coast Guard generally requires that there be 50 feet of clearance over the top of the reef for navigational safety reasons.⁵

The increasing costs associated with the reefing of large military vessels is a significant limiting factor. Such costs include liability insurance, environmental cleaning, towing, and deployment.

III. Effect of Proposed Changes:

Section 1 amends s. 370.25, F.S., to provide legislative findings and provide for the creation of a statewide matching grant program to secure and place United States Maritime Administration (MARAD) and U.S. Navy decommissioned vessels in state and federal waters seaward of this state as artificial reefs. The Fish and Wildlife Conservation Commission (FWC) is authorized to plan, develop, and administer the statewide matching grant program and a pilot program for the preparation and deployment of the *U.S.A.F.S. General Hoyt S. Vandenberg* in Key West, FL. The programs will be implemented subject to appropriations.

The stated objectives for these programs are to:

- Assist in reducing the pressures on natural coral reefs in state or federal waters seaward of this state and increasing the opportunities for recreational diving and fishing.
- Provide a mechanism through which local counties and municipalities that are permitted to place vessels in state or federal waters seaward of this state as artificial reefs can apply for and receive state matching funds for the placement of decommissioned MARAD and Navy vessels. Funds may be used for cleaning, preparing, towing, and sinking of these vessels.
- Provide state funds that would be matched with local funds, federal funds, and funds from local businesses.
- Establish criteria to determine eligibility for such state matching funds.
- Assist local counties and municipalities with the donation and transfer application for Navy and MARAD decommissioned vessels available for use as artificial reefs in accordance with MARAD application evaluation criteria.
- Develop a master plan for maximizing the number and type of vessels to be placed in state or federal waters seaward of this state which provides for the location of vessels in the most geographically effective and beneficial manner.

⁵ Florida Fish and Wildlife Conservation Commission Legislative Bill Analysis, SB 1856.

- Establish and promote standards for the placement of MARAD and Navy decommissioned vessels in state or federal waters seaward of this state, consistent with the current environmental standards of the National Defense Authorization Act for 2004 and the “National Guidance: Best Management Practices for Preparing Vessels Intended to Create Artificial Reefs” prepared jointly by the U.S. Environmental Protection Agency (EPA) and MARAD.
- Provide for and receive interagency comments from the agencies responsible for the permitting of artificial reefs and the Department of Environmental Protection, allowing for a review period consistent with MARAD and the Navy deadlines.
- Establish a United States military vessel component as a seventh theme for Florida’s Maritime Heritage Trail.⁶
- Provide for title of decommissioned vessels to be transferred to the state.

Section 2 creates s. 370.255, F.S., authorizing the FWC to establish the Florida Ships-2-Reefs Program, a matching grant program for the securing and placement of MARAD and Navy decommissioned vessels in state or federal waters seaward of this state. The FWC is authorized to make expenditures and enter into contracts with local governments and nonprofit corporations for the purpose of securing, environmental preparation, and cleaning to meet standards in the 2006 publication “National Guidance: Best Management Practices for Preparing Vessels to Create Artificial Reefs,” published jointly by the EPA and MARAD, as artificial reefs. The FWC will have the final approval of grants awarded through this program.

Each grant awarded under the program shall be matched by nonstate dollars. The limit of a state matching grant is 33 percent of the total cost of securing, environmental preparation, and cleaning to meet the standards in the EPA and MARAD best management practices manual.

The FWC may receive requests for matching funds, approve such requests, and allocate the matching funds to local governments or nonprofit corporations.

The committee substitute provides the criteria a local government or a nonprofit corporation must meet to qualify for the matching grant funds.

The commission is authorized to adopt rules.

The commission is required to establish a pilot program to fund the preparation and deployment of the *U.S.A.F.S. General Hoyt S. Vandenberg* in the waters off Key West and must submit an annual report starting January 1, 2008, to the Governor, President of the Senate, and the Speaker of the House of Representatives on the success and outcomes achieved by the pilot program. The report shall also include whether the pilot program should be continued, terminated, or expanded. Also, the commission must report on the procedures developed and used for the proper preparation and deployment of the *Vandenberg*.

⁶ The Florida Maritime Heritage Trail is a collection of sites and places along the coast that can be visited and that represent Florida’s strong ties to the sea over thousands of years. It is made up of six themes: Coastal Communities, Coastal Environments, Coastal Forts, Lighthouses, Historic Ports, and Historic Shipwrecks. The Florida Maritime Heritage Trail was created and is maintained by the Florida Department of State, Division of Historical Resources.

Contingent upon a specific appropriation to the commission for the pilot program, the commission may provide funds to pay for a portion of the cost of the preparation and deployment of the *U.S.A.F.S. General Hoyt S. Vandenberg* in the waters off Key West.

The commission shall develop procedures for conducting the pilot program, including, but not limited to, procedures for determining eligibility, providing payment, ensuring that payment is limited solely to the costs of preparing and deploying the vessel, and ensuring that payments are made to eligible persons or local governments in the order in which each is determined eligible until the funds are exhausted. The commission shall examine and use, to the extent possible, other available options for funding the cost of the preparation and deployment of the *U.S.A.F.S. General Hoyt S. Vandenberg*, including the use of funds raised by private agencies or persons.

No later than January 1, 2008, and each year thereafter, the commission shall submit a report to the Governor, President of the Senate, and the Speaker of the House of Representatives detailing the expenditure of the funds appropriated to it for the pilot program.

Section 3. This act would take effect becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill does not require cities and counties to expend funds or limit their authority to raise revenue or receive state-shared revenues as specified by s.18, Art. VII, State Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

It is anticipated that the reefing of decommissioned vessels will boost local economies. The reefs provide new opportunities for scuba divers and over time, as the marine life settles on the wreck, new opportunities for the fishing industry. When the *Oriskany* was reefed off the coast of Pensacola, local officials indicated in a letter to the project organizer of the *Vandenberg*, slated to be reefed off of Key West, that Escambia recouped its \$1 million investment in 3 days. It has been estimated that diving trips to the

Oriskany are booked 12 to 16 months in advance. Hotels and restaurants are seeing increased business as a result of this new tourist feature.

It is anticipated that Key West would experience similar boosts to the economy when the *Vandenberg* is reefed. In the future, any coastal community hosting a decommissioned vessel for reefing could see a tremendous return on their local investment.

C. Government Sector Impact:

The FWC has indicated that this bill would significantly increase the workload for the existing artificial reef program beyond current staffing and budgetary resources. The commission has indicated that an additional position associated with travel expenses would be needed to oversee the additional program requirements of the bill. Reefing of large ship projects are generally multi-year efforts and involve the coordinated efforts of all of the parties involved – state, local, federal, and private entities.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
