

Testimony for the U.S. Senate Committee on Small Business and Entrepreneurship

Florida's Coastal Economy: Opportunities and Challenges in the Florida Keys

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Senator Rubio, thank you for the opportunity to be with you today to discuss some challenges facing our coastal economy in the Florida Keys and Monroe County. We appreciate your attention to so many of the issues I'm going to mention today that directly impact our coast and by extension, our economy in the Keys. As you know well, the Keys are valuable environmental and economic assets to the State of Florida and the nation.

Monroe County's coastline extends from the Everglades to the Dry Tortugas, and includes three National Parks (Everglades, Dry Tortugas and Biscayne), four National Wildlife Refuges, five State Parks, and three State Aquatic Preserves. Our island chain is nestled in the waters of the Florida Keys National Marine Sanctuary, home to the only living coral reef in the continental United States, and the largest seagrass meadows in the western hemisphere.

Our unique ecosystem supports an unparalleled biodiversity of fish, animal and plant species. The Florida Keys is the most valuable commercial fishing port in Florida, the 4th most valuable in the Gulf of Mexico, and the 17th most valuable in the entire nation. Meanwhile, our recreational fishing industry was valued at over \$810 million last year.

Thanks to this remarkable ecosystem, our small county of about 77,000 permanent residents is an economic engine for Florida. We host over 5 million visitors a year, steward a \$4.8 billion tourist-based economy, and generate over \$215 million in annual sales tax revenues for the state of Florida.

While our good fortune abounds, we are no strangers to immense challenges. We are a chain of islands, connected by 42 bridges and a single highway for ingress and egress. We are bounded by unique growth restrictions, and experience the highest cost of living in the State. Our roads, airports, and water systems must be constructed to accommodate millions of tourists annually. We sit in "hurricane alley," inches above sea level, confronting the reality of more frequent severe weather and rising sea levels. Pristine waters and a healthy and vibrant marine ecosystem are the lifeblood of our community and our economy, and so perennial – and significant – investment must be made to restore and protect the quality of our nearshore waters.

Two such examples of major water quality investments include the Florida Keys Water Quality Improvement Project – also known as FKWQIP – and canal restoration projects. FKWQIP is a partnership with our local cities, wastewater districts, the state of Florida, and the Army Corps of Engineers to convert the old septic system infrastructure throughout the entire Keys to an advanced treatment centralized sewer system. This project – scheduled to be complete this year – is a \$1 billion investment in our community, 85 percent of which is borne by our local ratepayers and businesses that has demonstrably improved our

nearshore water quality. We appreciate the support of the State, which has contributed a bit more than \$100 million towards the project as well as the Corps of Engineers, which has provided about \$50 million through Congress' support of their environmental infrastructure, or Section 219 programs. Thank you, Senator Rubio for your support of the FKWQIP program and the Corps.

With respect to our canal restoration initiatives, we have determined that about 300 of our canals throughout the Florida Keys have poor water quality and impact the nearshore waters of the National Marine Sanctuary. We have developed a multi-faceted, diverse approach to the restoration of the canals, including locally-funded pilot programs to determine best technologies and practices to restore the health of the canals, committing all of our RESTORE Act funding – about \$20 million – to canal restoration and water quality, utilizing a recent partnership with the Natural Resources Conservation Service to assist with marine debris removal after Hurricane Irma, and securing State Stewardship Act funding on an annual basis to help with canal water quality restoration. These projects are also having a demonstrable benefit on our quality of life and the health of the nearshore marine ecosystem, and we especially appreciate your attention to supporting our work with the NRCS.

A significant part of the Keys marine environment includes the Florida Bay, whose economic impact alone is estimated to be more than \$450 million annually. As the southernmost part of the Everglades National Park, the Bay – and its abundant marine life and sea grass meadows – depend upon healthy freshwater flows through the central Everglades. Enhancing these freshwater flows is a critical component of the Comprehensive Everglades Restoration Plan, and so we appreciate your strong support of Everglades restoration. The Administration's boost in funding proposed for Fiscal Year 2020 for Everglades restoration, in no small part due to your continued focus on the importance of the program, hopefully can be sustained well into the future so we truly restore this national treasure, while also delivering significant water quality benefits downstream to Florida Bay and the Keys.

Regarding our coral reefs, which also depend on clean water and which help sustain our fishing, diving, and other tourism economies, we appreciate your leadership in developing and introducing S. 2429, the Restoring Resilient Reefs Act. Coral reef protection and restoration is of utmost importance to Monroe County. The Florida Keys' coral reef is part of one of the most unique marine ecosystems in the world. It is not only a national environmental treasure, it is also an important economic driver. Reauthorization of the Coral Reef Conservation Act via your new legislation will ensure that Monroe County's coral reef continues to receive the funding and attention it deserves. Thank you for your attention to this critical issue.

Meanwhile, Monroe County is cognizant of the serious challenges posed by hurricanes, climate change and sea level rise. We are responding to the warning bells: serious sea level rise projections, King Tide flooding, routine nuisance flooding, higher and more common storm surge, stronger hurricanes, new flood maps with more flood zones, and a new risk rating system for flood insurance. We are responsibly and thoughtfully preparing to meet those challenges on behalf our residents and business community. There is a lot of work to be done to make our built environment – our homes, roads, bridges, storm water systems, facilities, and other assets – more resilient and less vulnerable to expected changes. We have begun to take steps.

For example, the County's *Green Keys Resilience And Sustainability Plan*, finalized and approved by the Board of County Commissioners in 2016 includes 165 recommendations in a 5 Year Work Plan that has served as a guide for the County's response. Working from this set of Green Keys Plan recommendations, we have begun a number of efforts to secure better elevation data, conduct vulnerability assessments, develop criteria for Adaptation Action Areas, design and implement two Road Elevation Pilot projects, and develop a roads elevation plan for the 300 miles of county-maintained roads.

Yet another related initiative underway is the *Florida Keys Coastal Storm Risk Management Feasibility Study*, conducted in partnership with the Army Corps of Engineers that will include a focus on the flood risk vulnerability of US Highway 1 and shorelines, and potential solutions for mitigating risks from storm impacts.

We appreciate your focus on adaptation, resiliency and risk reduction, and would appreciate the opportunity to talk with you further about resiliency plans to elevate roads and to use federal Community Development Block Grant funding provided by Congress after disasters to elevate homes and harden infrastructure.

Another important federal program critical to the Keys' future is the National Flood Insurance Program. Several years ago, we sought to improve our standing in FEMA's *Community Rating System* (CRS). Improvements in our CRS ranking result in direct annual discounts to flood insurance premiums for constituents insured through the National Flood Insurance Program (NFIP) because the pre-disaster mitigation efforts espoused by the CRS program result in less loss burden to the program in future storms. To date, we have moved the County from a Class 10 to a Class 5, with a 25 percent discount on flood insurance premiums, resulting in a \$5 million direct annual savings for our constituents. Initiatives funded in this year's budget will move us from a Class 5 to a Class 4, resulting in a 30 percent total discount -- an *additional* \$1 million a year in savings for residents of the County. To date, these efforts will have cumulatively saved those in the County with NFIP flood insurance nearly \$14 million in premiums.

Even with significant CRS discounts, flood insurance affordability is a major concern for our home and commercial property owners and is critical to maintaining our economy. Monroe County has over 30,000 flood insurance policyholders and over \$7 billion in insured value in the National Flood Insurance Program. It is a very real pocketbook issue for most of our property owners and worsens overall housing affordability. As Congress and FEMA continue to try to move the program to risk-based premium rates, with new flood maps on the horizon that will account for storm surge and wave action, and Risk Rating 2.0, we will continue to see upward pressures on our constituents' premiums.

Senator Rubio, we very much appreciate your leadership on NFIP reauthorization, and your recognition that NFIP flood insurance premiums must remain affordable, with a predictable and responsible glide path of annual increases. We also appreciate your support for significant mitigation funding that will help local coastal communities like Monroe County in our efforts to reduce future risk and become more resilient.

In the face of ever-stronger storms, the County is profoundly mindful of its obligation to not only protect its people and property, but to ensure financial resilience and disaster recovery capability. To enhance this capability, we have invested in sufficient disaster reserves, technology and communication capacity, and the highest level of emergency preparedness, including the design and construction of a new, safe, and survivable Emergency Operation Center.

As you can see, Monroe County faces significant challenges as a coastal community, and is actively investing in strategies to adapt and mitigate against future coastal risks, protect our coastal economy, including the health of our waters and broader environment, and to protect both property and the people: homeowners, commercial property owners, vulnerable populations, and our workforce.

As we prepare to meet future challenges, coastal communities like Monroe must do our part locally, but we must also be able to continue to count on the federal government to be an engaged partner. We look forward to continuing to discuss this with you in the future.

Senator Rubio, thank you again for hosting this hearing. You and your staff, including Wes Brooks and Eleni Valanos that we work closely with on these types of issues, help us fight for all these improvements and are a strong advocate for Florida. We appreciate it. I look forward to answering any questions you may have.