

# **MSPA Committee Report on the Issue of:**

## **Shrimpers Formerly Docked in the Gulfport Commercial Small Craft Harbor**

The purpose of the committee was to investigate the challenges associated with the Shrimpers' desire to return to the Gulfport Commercial Small Craft Harbor, to identify possible alternatives, and to examine the viability of each of the various options. This report is provided to the Port Commission as objective information, which may be used to formulate a position on this issue.

### **Shrimpers**

Prior to Katrina, there were 42 boats in the Gulfport Commercial Small Craft Harbor ranging from 40-80 feet in length and the shrimpers had immediate access to fuel and ice. Slippage was \$2.50 per foot including electricity.

Mr. Bill Dreher, an attorney, represents a group of six to eight shrimpers formerly based in the Gulfport Commercial Small Craft Harbor. He has been retained to assist them in finding a long-term solution for their dockage needs.

Mr. Dreher indicated he is uncertain of the total number of shrimpers who were displaced and who still wish to return. We suggested a survey be conducted to help establish the size of this group and provided him with a survey form for this purpose. He indicated he would attempt to have this survey completed within a week.

Evidently, most, if not all, of the shrimpers have sold the large boats, which they previously operated, and are currently operating smaller vessels, many out of Pass Christian Harbor. However, if they had a suitable place to dock, some have expressed a desire to re-acquire larger vessels to resume their former business.

The shrimpers feel they can operate without immediate access to fuel and ice at least on a temporary basis. One of the primary problems they face is the lack of a suitable customer base in Pass Christian to buy shrimp off of their boats.

### **Challenges in rebuilding the former commercial craft harbor**

As to the Port's legal obligation to rebuild the harbor, legal counsel rendered an opinion that the Warranty Deed (which conveyed the property currently under the jurisdiction of the MSPA) granted an "exception to the requirement that the land be used 'solely as and for port facilities'" thereby allowing an area to be provided for the fishing industry but not mandating it. He goes on to say "the use of the word 'permanent' allows for the fishing use to exist longer than the then existing leases.... It is not to be interpreted as a mandate to require permanent fishing facilities." While no legal requirement exists for the Port to restore the Gulfport Commercial Small Craft Harbor, the Port views itself as a community partner, and as such, facilitated this committee and subsequent report in order to explore the viability of location options for the shrimping industry.

A number of challenges to the construction of either temporary or permanent docks and piers are outlined in CH2MHILL's "Commercial Small Craft Harbor" engineering report dated November 4, 2009 which is included as an attachment.

In this report CH2MHILL notes that the construction of a temporary facility would require several months to obtain the necessary permits then an additional 12 months to design, bid, dredge, and construct the facility.

Since no existing funds exist for this purpose, if public funds were to be used, an additional delay of several months could be anticipated to secure this funding. Thus, if such an effort were to start immediately it might be possible to have such a facility constructed within two to three years. (Based on the timeline witnessed in the reconstruction of Gulfport harbor and other harbors along the coast after Katrina, this might be considered aggressive.)

However, according to CH2MHILL, depending on the Port's permitting process, the demolition of this harbor may be necessary within four years. This means that the temporary facility could remain in operation for less than two years. This would certainly be an obstacle in securing public funding. If the Port were to consider the construction of a permanent facility in an area which does not adversely impact Port operation once the Port design has been completed, the harbor would not be available for as many as 5-10 years.

While the exact number of boats, which would be likely to return to such a harbor, is unknown, Port engineering has developed a cost estimate based on a fleet size of 30 boats and an average length of 60 feet. The estimated cost for construction is \$842,000. This analysis was based on a similar project that was recently completed at the Port.

This analysis also included some estimates of annual operating costs. Assuming that Port rather than public funds were to be used with a ten-year payback, the required unsubsidized cost was estimated to be more than \$9.00 per foot per month. This represents a cost nearly four times what was being paid prior to Katrina. While these costs are rough estimates and are significantly impacted by the fleet size and average boat length as well as the payback period, it is assumed the shrimpers would not view such a dockage rate as a viable solution.

## **Gulfport Harbor**

There is no area currently designated as suitable for accommodating the shrimpers in the existing Bert Jones Yacht Basin also referred to as the Gulfport Small Craft Harbor. Mayor George Schloegel has indicated that it might be possible, provided the City Council approved, to identify an area to the east in the harbor expansion, which is currently being contemplated. This expansion would approximately double the size of the current small craft harbor.

This expansion will face permitting and funding challenges. It is also expected to take several years, perhaps as many as ten, to complete.

## **Hard Rock**

The Hard Rock Casino owns some slips behind the old Windjammer condominiums. However, this is not an area, which would be workable for the location of shrimpers due to the condition of the docks, parking and unknown draft.

## **Biloxi**

The City of Biloxi has some 60 slips devoted to shrimpers also located near the Hard Rock Casino. The depth here is only 6 feet but they have plans to dredge to 7 - 8 feet. They also have a second location on Lee Street on the Back Bay of Biloxi, which has 35 slips for shrimpers and offers a 12-foot controlling depth.

Currently, they are charging \$2.50/ft including electricity but are planning on increasing this to between \$3-4. All of these slips are full and they have a long waiting list.

## **Pass Christian**

Pass Christian has a \$25 million grant for the construction of a new harbor to the east. Recently, they received a predevelopment agreement to proceed. This new harbor will be 1 ½ times the size of the existing one. Thompson Engineering has been engaged to work with them and Mayor Chipper McDermott anticipates it will be ready within five years.

The shrimpers will have fuel and ice available in the old harbor. The Mayor estimates the addition will offer 240 slips most of which will be available for commercial use with a few earmarked for pleasure craft. The existing harbor is eight feet but they intend to request permitting for a 10 feet depth in the new harbor and approach channel. Bill Walker of the Mississippi Department of Marine Resources indicated this was not unreasonable.

Pass Christian currently charges up to \$3.25/ft for pleasure boats and \$2.75 for commercial not including power.

## **Department of Marine Resources**

Bill Walker is very supportive of any reasonable approach to helping the shrimpers and was involved in support of the Pass Christian project. He did not have any suggestions as to other alternatives that might be explored beyond what we have already examined.

## **MISSCO**

It had been suggested that the MISSCO property might provide a possible location for use by the shrimpers. While it offers the advantage of being available and having a relatively deep access channel, the docks and piers along with the 1¼-acre adjacent land would cost \$4500 per month to lease. While the channel is deep, the area adjacent to the docks has a stated controlling depth of only six feet and dredging within the docks and piers area would also be required. The

condition of the docks would require repair work and the owners are likely to limit any contract to one year in order to have the freedom to sell if an offer presents itself.

Based on the same assumptions used in the Gulfport Commercial Small Craft Harbor cost analysis, if there were 30 boats with an average length of 60 feet, the monthly slip rate would be \$2.50 per foot. This does not include the cost of any dredging or repairs.

## **Retail Sales**

Other than the convenience of an operating base closer to their desired shrimping grounds, a primary benefit of the Gulfport location is the access to retail markets. While not as convenient or perhaps as effective as selling shrimp directly off the boat, it would appear that a location, which would allow the shrimpers to engage in retail sales, might be helpful. It would also be possible to engage in selling shrimp in the farmers market area to the east of the Port.

## **Summary**

It does not appear that any of the existing harbors offer a viable solution for the operation of deep draft shrimp boats either because they are full or are unsuitable. Given the permitting challenges of constructing a new harbor or even rebuilding an old one, there appears to be no near term temporary solution to the shrimpers desire for deep draft slippage in the Gulfport area.

If the Port does not have a legal obligation to rebuild the commercial craft harbor, then it must have some defensible basis for the expenditure of its funds in doing so. Of course, if a public grant could be made available as DMR indicated might be possible, this issue could be satisfactorily addressed.

The Gulfport Commercial Small Craft Harbor issue could be viewed in the same light as the chicken freezer, which bears several similarities. The Port has chosen not to proceed with the reconstruction of the freezer facility because an economic justification does not exist and there has been reluctance to build a facility which will likely need to be demolished soon to accommodate the Port's longer-term growth plan.

The other point to be considered is that if the Port were to pursue the reconstruction of the harbor, such a harbor would likely not be available before Pass Christian's permanent new harbor, and the new Gulfport harbor to the east could be available within a few years after that. The Port might consider offering additional support to the Gulfport and Pass Christian projects.

## **Attachments**

Attachment: Port Shrimper Opinion Letter

Attachment: CH2MHILL's "Commercial Small Craft Harbor"

Attachment: Approach and Meeting Schedule