

Triumph Gulf Coast, Inc.  
MyFloridaTriumph.com

Jim Murdaugh, Ph. D  
President  
Tallahassee Community College  
444 Appleyard Drive  
Tallahassee, FL 32304

June 19, 2019

Dear President Murdaugh:

Thank you for submitting an application for funding to Triumph Gulf Coast, Inc. We appreciate your time and effort and your commitment to creating a better Northwest Florida.

As you may know, Triumph Gulf Coast has received many more requests for funding than can be supported with the resources available to us. Unfortunately, after a thorough review by our professional advisors, it does not appear that your proposal meets our purposes and requirements for substantially improving the economy of the eight counties disproportionately affected by the Deepwater Horizon Oil Spill.

We are required by law to score each application as to its likely return on investment and potential for diversifying and enhancing our regional economy. Proposal # 91, "Tallahassee Community College Wakulla Environmental Institute (TCC/WEI) Ocean Shellfish Nursery Hatchery Processing", was scored as a C based on the economic impact information provided in the application.

Proposals with a score of C, D, or F will not be recommended to our Board of Directors. There is no certainty that all A and B scored proposals will be funded.

TCC states that the proposed oyster hatchery and processing facility would allow a thriving shellfish industry, however, the project is opposed by the Florida Shellfish Aquaculture Association (FSAA). The December 4, 2018 FSAA letter to Triumph notes that the project would result in direct competition by a publicly funded entity with an industry that already has numerous private businesses currently producing oyster spat. The Triumph Board has indicated a desire not to supplant private sector activity via Triumph project funding. Also, the FSAA letter correctly notes that hatcheries are not labor-intensive operations and will not generate substantial employment in the facility itself. Given that there are private hatcheries capable of meeting private demand, and the fact that the hatchery is not a direct employment generator, the argument for constructing the project is weakened.

The TCC/WEI application indicates that one of the primary purposes of the proposal is to create a commercial oyster hatchery in the region and that there are no commercial hatcheries within 200 miles of Panacea. The February 2019 University of Florida Institute of Food and Agriculture Sciences (IFAS) Extension Office list of "2019 Florida Shellfish Seed Suppliers" notes that there are oyster hatcheries operating in Apalachicola (49 miles), Pensacola (204 miles) and Cedar Key (153 miles). In fact, the Panacea Oyster Co-op indicated to Triumph staff that they are currently purchasing customized oyster spat from the Pensacola Bay Oyster Hatchery.

The application seems to indicate that the Auburn University (AU) Shellfish Laboratory has "sunsetted" or is closing. In fact, the Auburn University Dauphin Island Shellfish Laboratory is actively participating with private interests across Louisiana, Mississippi, Alabama and Florida to create a healthy and vibrant private industry

for the production of oysters. The AU Shellfish Lab Facebook page features visits to Cedar Key, Panacea (Pelican Bay Oyster Company), the Apalachicola Oyster Company hatchery facility, and the Pensacola Oyster Company hatchery as part of their May 2019 Sea Lab Student Field Trip. The AU Lab has turned its attention to research in order to allow for the continued growth of the private sector without competition from its university hatchery. Dr. Bill Walton of the AU Shellfish Lab addressed this issue at the September 2018 meeting of the Triumph Gulf Coast Oyster Industry Working Group. He noted the emergence of this new private industry and the university's desire not to be in competition with the private sector.

The application implies a relationship with the Panacea Oyster Co-op, however the Panacea Oyster Co-op has withdrawn its original pre-applications that indicated a relationship with TCC WEI (Proposals #92 and #93) and submitted a new pre-application and application (Proposal #154) that partners with Florida Agricultural and Mechanical University (FAMU) to build and operate a hatchery and processing facility that would be in direct competition with the proposed TCC/WEI facility. While the TCC/WEI proposal discusses using a pasteurization process, the Panacea Co-op/FAMU proposal discusses a similar process for which the university has applied for patents and exclusively licensed to a specific company. It is not clear from the TCC/WEI proposal if this is the same or a different process and if TCC would have to pay FAMU (a potential competitor) for the use of the technology.

The application states that the price for oyster seed would be in the range of \$50 to \$110 per 1000 seed, however Triumph staff found the price at the Apalachicola Oyster Company to be approximately ½ of that amount earlier this year.

TCC/WEI states that it has trained over 100 "entrepreneurs" per year over the past five years of operation. When Triumph Gulf Coast staff asked for the names of those businesses, the applicant provided a list of oyster harvesting licenses. Of the 138 license numbers provided, 44 were licenses to operate in areas of the state outside of the Triumph Gulf Coast region.

While "training" of aquaculturists in the area of oyster production is a worthwhile endeavor, there does not appear to be a recognized certification process that would provide a measurable outcome as a part of this application. It is unclear what measurable training component would be a part of the request for funding. The State of Florida does not require any specific training for entry into the oyster aquaculture business and it is unclear how funding this training would create any new direct jobs that could not already be created with no additional training or cost. Further, it appears that most, if not all, of the funding requested from Triumph Gulf Coast would go towards the construction of a commercial hatchery and processing facility, with very little funding focused on measurable training outcomes.

Finally, Triumph staff see a need to have input from the oyster science project previously funded for FSU before embarking on major expansions of oyster hatchery capacity.

We appreciate your participation and welcome any future proposals that more closely fulfill the purposes and requirements of Triumph Gulf Coast.

Sincerely,



Susan Skelton  
Executive Director