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LDWF Compensation Rates For Impacts to Water Bottoms on Public Oyster Seed Grounds, Public Oyster Seed Reservations, and Public Oyster Tonging Areas

July 1, 2019

Compensation rates are based on the cost of replacing one cubic yard of cultch material. The Louisiana Department of Wildlife and Fisheries (Department), Socioeconomic Research and Development Section (Socioeconomics Section) based the cost of cultch on deposition projects performed for the Department since 2000.

The Marine Fisheries Section requested that the Socioeconomics Section produce estimates for three areas, one east and two west of the Mississippi. These costs cover only the purchase, delivery, and deposition of cultch materials. They do not include administrative expenses, surveying expenses, overhead, and other expenses incurred by the Department. All cost data were converted into inflation-adjusted 2018 using the U.S. Bureau of Economic Analysis Implicit Price Deflator.

The cost per cubic yard for areas east of the Mississippi River is the weighted average for 11 cultch deposition projects between 2000 and 2013. The cost per cubic yard of a twelfth cultch deposition project using oyster shell as cultch material in 2018 was excluded as an outlier because the cost per unit was nearly 50 percent higher than that for the next highest project.

The cost per cubic yard for Terrebonne Basin and Barataria Basin is the weighted average of 13 cultch deposition projects completed between 2004 and 2014.

The cost per cubic yard for Vermilion and Atchafalaya Bays and Calcasieu Lake is the weighted average for four cultch deposition projects in between 2009 and 2017.

East of the Mississippi

Breton Sound (11 projects):

Cost per cubic yard = \$60.86

West of the Mississippi

Terrebonne Basin and Barataria Basin (13 projects):

Cost per cubic yard = \$65.12

Vermilion and Atchafalaya Bays and Calcasieu Lake (4 projects):

Cost per cubic yard = \$79.71

This Oyster Shell Compensation Rate Schedule, updated in 2019, will be revisited, reassessed, and revised as needed.

		West of the Mississippi	
Type	Description	Compensation Rate	East of the Mississippi
			Barataria Basin and Terrebonne Basin
			Vermilion and Atchafalaya Bays and Calcasieu Lake
I	Barren (Non-Supportive)	1 cubic yard per acre	\$65.12 per acre
II	Barren Yet Supportive	50 cubic yards per acre	\$3,256 per acre
III(a)	Reef	187 cubic yards per acre	\$12,177 per acre
III(b)	Reef with Live Oysters+	187 cubic yards per acre plus three-year average dockside value of live oysters**	\$12,177 per acre plus value per sack of oysters
<p>+ The quantity of live oysters will be determined by a water bottom assessment</p> <p>** The three-year average dockside value of a pound of oyster meat is the quotient of the summation of the inflation-adjusted dockside value of Louisiana's commercial oyster harvest for the three previous years divided by the summation of the volume of Louisiana commercial oyster meat harvests for the previous three years, according to National Marine Fisheries Service data. Multiplying the three-year average dockside value of a pound of oyster meat by 6.47 pounds of meat per sack produces the three-year average dockside value per sack of oysters. (An estimation for 2019 is attached)</p>			
<p>The Oyster Shell Compensation Rate Schedule will be revisited, reassessed, and revised as needed.</p>			

4/12/2019

The three-year average dockside value per sack of oysters: 2019

1. The three-year average dockside value per pound of oyster meat =

$$= \frac{\text{(The summation of the real dollar dockside value of the Louisiana commercial oyster harvest: 2015 – 2017)}}{\text{(The summation of the volume of oyster meat of Louisiana's commercial oyster harvest: 2015 – 2017)}}$$

$$\frac{\$89,637,669 + \$71,422,134 + \$86,286,816}{14,487,676 \text{ lb} + 12,053,244 \text{ lb} + 13,327,088 \text{ lb}} = \frac{\$247,346,620}{39,868,008 \text{ lb}} = \$6.20 \text{ per pound}$$

2. The yield per sack of oysters is 6.47 pounds per sack.

3. The three-year average dockside value per sack of oysters =

$$\begin{aligned} &\text{(The three-year average dockside value per pound of oyster meat) x (6.47 lbs. per sack) =} \\ &= (\$ 6.20 \text{ per lb}) \times (6.47 \text{ lbs./sack}) \\ &= \$40.14 \text{ per sack} \end{aligned}$$

Data are derived from the National Marine Fisheries Service estimates for Louisiana's commercial oyster harvest

Year	Pounds	Nominal Value	Real Value
2015	14,487,676	\$85,090,378	\$89,637,669
2016	12,053,244	\$68,540,378	\$71,422,134
2017	13,327,088	\$84,378,781	\$86,286,816
GRAND TOTALS:	39,868,008	\$238,009,537	\$247,346,620