

ECONOMIC BENEFITS OF THE DISTRICT'S WATERWAYS

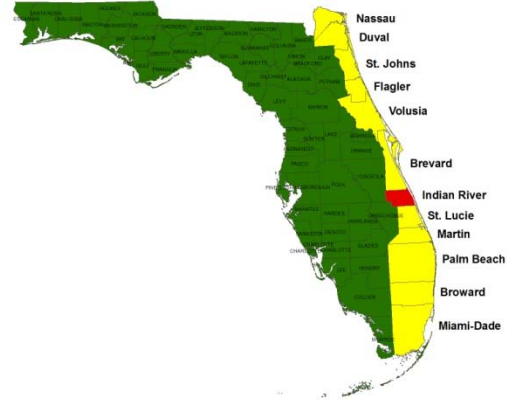


Purpose

To update economic benefits in Indian River County of marine-related activities on the District Waterways, as previously estimated in *An Economic Analysis of the District's Waterways in Indian River County*, June 2001, and to provide the general public and Federal, State, and local officials with a clear understanding of the importance of maintaining the waterways.

Scenarios Evaluated

1. Current Existing Conditions
2. Cessation of Waterways Maintenance
3. Increase in Waterways Maintenance



ECONOMIC IMPACTS

Current Existing Impacts

- \$44.1 million in business volume
- \$10.1 million in personal income
- 242 jobs
- \$1.2 million in tax revenue

Impacts of Cessation of Waterways Maintenance

- Decrease of \$14.3 million in business volume
- Decrease of \$3.1 million in personal income
- Decrease of 77 jobs
- Decrease of \$0.5 million in tax revenue

Impacts of an Increase in Waterways Maintenance

- Increase of \$1.2 million in business volume
- Increase of \$0.4 million in personal income
- Increase of 12 jobs
- Increase of \$0.1 million in tax revenue

Due to anomalies in Florida Department of Revenue reported gross sales data, the impact of the 2007-2009 U.S. Economic Recession on the Indian River County economy could not be estimated.

Economic Benefits as of April 2011

INDIAN RIVER COUNTY



ECONOMIC BENEFITS OF THE DISTRICT'S WATERWAYS

INDIAN RIVER COUNTY

The Intracoastal Waterway

The Atlantic Intracoastal Waterway (AICW) is a 1,391-mile channel between Trenton, New Jersey, and Miami, Florida. The Waterway along Florida's eastern seaboard is 406 miles long and follows coastal rivers and lagoons past numerous tourism-oriented communities. The channel is authorized to a depth of 12 feet from Nassau County to Fort Pierce, and a 10 foot depth south through Miami-Dade County. Boating activities on the waterways contribute to the existence of numerous marine-related businesses such as marinas and boatyards and have stimulated development of residential properties on the Waterways.

The Navigation District

The Florida Inland Navigation District, created in 1927, is the local sponsor for the AICW in Florida. In cooperation with the Jacksonville District of the U.S. Army Corps of Engineers, the Navigation District is responsible for maintenance of the AICW in Florida. To maintain navigation, the waterways need to be periodically dredged due to shoaling from currents, upland soil erosion, and the movement of offshore sands through the ocean inlets. Maintenance dredging is projected to cost approximately \$12 to \$16 million annually during the next 50 years, of which 50 percent of the costs are expected to be borne by property owners within the Navigation District's jurisdiction.

The Navigation District also partners with other governments to provide waterway access and improvement facilities for our mutual constituents. These projects include public boat ramps, marinas, side channels, parks, fishing piers, boardwalks, navigation aids, derelict vessel removal, shoreline stabilization, and waterway cleanups.

Source of Data Used in This Analysis

The economic benefits of the Waterways were estimated in June 2001 in *An Economic Analysis of the District's Waterways in Indian River County*.

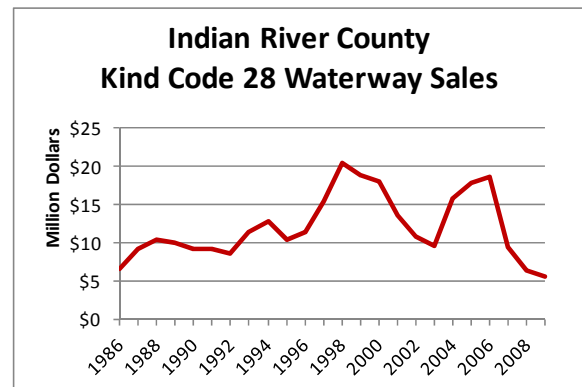
Updating of Previously Estimated Benefits

The benefits presented in this analysis were estimated by updating the direct marine-business

impacts in the original analysis to current values using the change in gross sales reported by boat dealers to the Florida Department of Revenue (FDOR). The updated direct impacts were used in conjunction with an IMPLAN input/output model to estimate total economic benefits.

Estimating the Impact of the Recession

The methodology for estimating the impact of the recession was based on the trend in gross sales of boat dealers established over the 20-year period prior to the onset of the recession. This trend was used to estimate the theoretical gross sales if sales had continued to increase at the rates previously experienced. However, anomalies in the FDOR reported gross sales data for Indian River County prevented the development of an estimate of the recession. As illustrate in the graph below, FDOR reported gross sales data for boat dealers fluctuated widely from \$6.5 million in 1986 to \$20.4 million in 1998 to \$5.4 million in 2009. As a result, the impact of the recession on the Indian River County economy could not be estimated.



Annual Boater Spending on Gas, Food, and Drinks at Non-Marine-Related Establishments

- Current existing conditions: \$11.8 million
- Cessation of maintenance: \$9.7 million
- Increased maintenance: \$11.8 million

Vessel Draft Restrictions Assumed for Each Scenario

- Current existing conditions: 6.5 feet MLW
- Cessation of maintenance: 3 feet MLW
- Increased maintenance: 10 feet MLW