

ECONOMIC BENEFITS OF THE DISTRICT'S WATERWAYS

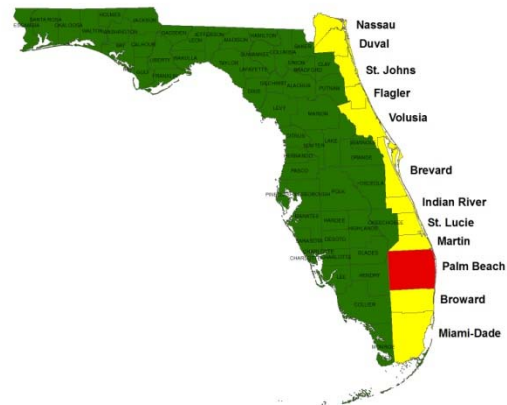


Purpose

To update economic benefits in Palm Beach County of marine-related activities on the District Waterways, as previously estimated in *An Economic Analysis of the District's Waterways in Palm Beach County*, December 2006, 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
4. Estimated impact of the 2007-2009 U.S. economic recession



ECONOMIC IMPACTS

Current Existing Impacts

- \$1.26 billion in business volume
- \$297.5 million in personal income
- 5,879 jobs
- \$53.3 million in tax revenue

Impacts of Cessation of Waterways Maintenance

- Decrease of \$537.3 million in business volume
- Decrease of \$126.3 million in personal income
- Decrease of 2,640 jobs
- Decrease of \$22.2 million in tax revenue

Impacts of an Increase in Waterways Maintenance

- Increase of \$147.4 million in business volume
- Increase of \$33.0 million in personal income
- Increase of 686 jobs
- Increase of \$5.7 million in tax revenue

Impact of the 2007-2009 U.S. Economic Recession

- Decrease of \$779.97 million in business volume
- Decrease of \$182.0 million in personal income
- Decrease of 3,789 jobs
- Decrease of \$31.7 million in tax revenue

Economic Benefits as of April 2011

PALM BEACH COUNTY



ECONOMIC BENEFITS OF THE DISTRICT'S WATERWAYS

PALM BEACH 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 December 2006 in *An Economic Analysis of the District's Waterways in Palm Beach County*.

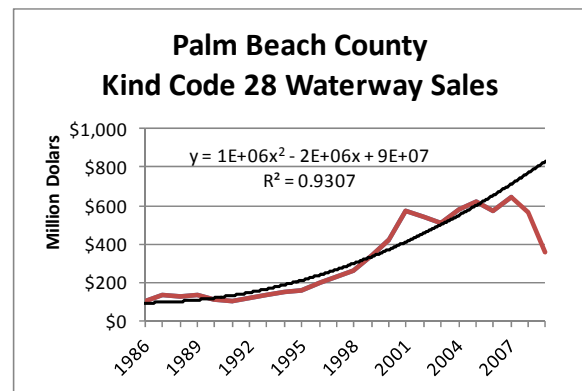
Updating of Previously Estimated Benefits

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 impact of the recession was estimated by determining the trend in gross sales of boat dealers 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. The red line in the figure below illustrates reported actual gross sales of boat dealers and the black line illustrates the trend of those sales. From 2007 to 2009 gross boat dealer sales in Palm Beach County decreased by 45 percent; if the recession had not occurred, it is estimated that gross sales from 2007 to 2009 would have decreased by only four percent.



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

- Current existing conditions: \$36.4 million
- Cessation of maintenance: \$22.5 million
- Increased maintenance: \$36.4 million
- Assuming no recession: \$48.5 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
- Assuming no recession: 6.5 feet MLW