

# **“NOAA No-Go Zone Proposal” Economic Impact Analysis**

by the  
**San Juan County  
Economic Development Council**

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## **Economic Impact Study – Purpose**

This paper presents the quick assessment of the potential economic impact if the west side of San Juan Island was closed to boats and kayakers. Our understanding of the “proposal” that is being considered by NOAA, is that the west side of San Juan Island, from Mitchell Point south to Eagle Point, would be closed to all boats and kayaks within one quarter (1/2) mile of the shore line. I.E. The currently designated “voluntary no-boat zone” would be changed to a mandatory no-boat zone and enlarged. The question raised is, “What would the economic impact be of this decision?”

## **Economic Impact – Summary**

We estimate that the only significant impacts would be to the Kayak Outfitters and to San Juan County Park. We estimate a \$4.55M loss to the local economy from a reduction in Kayak Outfitters and related business. We estimate a \$75K loss to San Juan County Parks department. Using our local “multiplier effect” of 1.4 makes the total impact of \$6.475M  $[(\$4.550M + \$0.075M) * 1.4]$

## **Economic Impact – Details**

The following are the details that went into this assessment.

### ***Kayaking Industry***

#### **Number of Kayakers**

We estimated that 25,000 kayaking visitors come to San Juan Island (not the whole county) annually to paddle our pristine waters and to enjoy the great outdoors (annual numbers provided by several outfitters with estimates provided for those not reporting). The San Juan Islands is a world renowned, world class kayaking destination which attracts kayakers from around the world to paddle the relatively calm/protected waters of the Salish Seas and to experience the breadth and diversity of wildlife that our eco-systems offer.

Kayakers have some choice as to where they “launch” their kayaks from San Juan Island. San Juan County Park, Turn Point and Jackson Beach Boat Launch are the only public kayak launches on San Juan Island. Additionally, there is the Friday Harbor Marina, Snug Harbor, and Roche Harbor Marina that allow kayak launching, but are restricted to limited outfitters. The general public is allowed to launch kayaks from the Friday Harbor Marina and the Roche Harbor Marina for a small launch fee.

#### **Loss to Outfitters**

There are presently 11 Kayak Outfitters who are members of the San Juan Island Chamber of Commerce. If the west side of San Juan Island was closed, this would close kayak and boat launching from the San Juan County Park located within this area. Over 10,000 kayakers were estimated as having launched from San Juan County Park in 2007 with over 5,000 via commercial outfitters. This does not include kayakers launched from Roche Harbor and Snug Harbor (which are private launches and/or have

exclusive outfitter agreements) or other locations who also visit the west side. We estimate that of the approximate 25,000 kayaking visitors to San Juan Island, approximately 10,000 of these would be lost if the west side were closed to paddlers.

This would result in a loss of approximately \$1.05M of income to our local outfitters.

I suspect that this reduction would result in the elimination of about half (5) of the outfitters, causing a consolidation of this industry segment resulting in the loss of jobs and corresponding economic activities. The closure of outfitters and the corresponding loss of jobs could easily add \$400,000 of loss income bringing the total to \$1.45M.

Now some of these kayakers might shift to launching in other areas of San Juan County but it is hard to estimate what percentage of the above would be offset by this shift. But that does not reduce the economic impact to the San Juan Island / Friday Harbor communities.

### **Loss to Tourism Industry**

In addition to our outfitters, we estimate that kayakers, on average, spend two nights on the islands for their trips. We propose an average spending of \$150.00 per day per kayaker toward the general economy, which includes night time accommodations, food services, and various retail items.

Assuming the 50% loss of kayakers, this would result in a loss of approximately \$3.1M from the accommodations, food services and retail trade segments of the economy of San Juan Island. Additionally, any retail trade business directed at the kayaker market would be seriously impacted by a reduction of 50% in their target customer segment, resulting most certainly in the reduction of their revenue (included in the above number) and probably in their closure (included in lost wages above).

### **Loss to San Juan County Parks**

San Juan County Park reports launch fees for over 10,000 kayak guests were collected in 2007, approximately 5000 through kayak outfitters who pay a launch fee, generating \$38,500 dollars of revenue for the park. This represents about 15% of the fee revenue and 7% of the operating budget for San Juan County Park in 2007. Clearly, this loss of revenue would have a significant impact on the operational bottom line of the park.

Additionally as a result of already tightening county budget constraints, the San Juan County Park Department was exploring adding launch fees for private kayakers and power boat launchers from San Juan County Park. This would have added approximately \$36,050 in additional fee revenue (5,150 \* \$7) in 2010 bringing the total launch fee revenue to \$74,550.

### ***Sports Fishers***

San Juan County offers launch points for sports fishers throughout the year. Several fishing events (derbies, contests, fundraisers, etc...) are sponsored by resorts or service

organizations. There are two members of the San Juan Island Chamber of Commerce that are listed under Sports Fishing services. Eliminating the only public west side boat launch would at the very least, increase launch traffic at the other boat launches, most of which are private. It would also exclude the no-boat zone from sports fishing access during the May to September closure period. It is quite difficult to estimate the reduction of this activity and the resulting economic impact (if any).

### ***Power Boaters***

There are 19 marine related businesses listed as members of the San Juan Island Chamber of Commerce. In conjunction with the possible reduction of sports fishers, the no-go zone closure could impact the number of general power and sail boaters that visit the waters around San Juan Island. However, there are plenty of other waters to enjoy within the general region and my assessment is that it would simply shift the activity to other areas outside of the no-go zone.

### ***Commercial Fishers***

According to the Washington State Department of Licensing, there are 24 licensed Commercial Fishing vessels in San Juan County. The impact of the no-go zone on these Commercial Fishers is difficult to assess. It would clearly increase the fishing activities in areas outside of the no-go zone, and also provide tribal commercial fishers with less direct competition within the no-go zone. Will this additional restriction push any Commercial Fisher over the edge and out of business? Or will it simply mean a shift in fishing activities to other areas? This is any one's guess.

### ***Whale Watch Industry***

There are 14 members of the San Juan Island Chamber of Commerce listed under the Whale Watching category. According to Dun & Bradstreet's Million Dollar Database, there are 22 businesses listed in the state of Washington under the whale watching industry category, generating \$64M in sales. Of these 22, 3 are in Skagit, 1 in Whatcom, 6 in King and 4 in San Juan County. Sales for San Juan County businesses accounted for \$660K in sales.

The Washington State Department of Revenue states that earnings in San Juan County generated by Arts, Entertainment and Recreation (which includes Whale Watching and Kayak Outfitters) was \$6.2M in 2008. Clearly, this segment of San Juan Island's economy is an important direct contributor with a healthy indirect contribution as well.

However, what is the impact of the no-go zone on the Whale Watch businesses. Would it reduce the number of customers to these businesses? Would it make the Whale Watch activity in other areas more intense? Only a general prediction can be made at this time, expecting little to minimal impact to this industry as a result of the no-go zone. The Whale Watch industry would still have a significant marine area in which to observe the whales (including watching them from outside of the no-go zone while the whales are inside the no-go zone).

### ***Shoreline Property Owners***

There are 243 parcels within the no-go zone proposed by NOAA. Within these parcels there are 2 marine railways, 1 improved boat ramp, 1 marina (Kanaka Bay) and 9 mooring buoys. The proposed no-go zone offers an exception to shoreline property owners by providing for perpendicular access to their property (I.E. they can access the water, but must immediately proceed directly out ½ mile perpendicular to the shoreline until they clear the no-go zone). This exception can work perfectly well for power boaters, but requires an un-safe condition for human powered water craft.

This restricted access to the marine resource adjacent to their property could reduce the “perceived” value of their property. However, the west side of San Juan Island is not the best conditions for marine facilities due to high banks and rough waters (as supported by the lack of existing developed marine facilities). Thus I do not believe there would be a significant economic impact to shoreline property owners.

The more likely impact to west side property owners could be from increased pressure from shore-based whale watching. Already, the west side Land Bank properties are experiencing stress from public access. Lime Kiln Park is frequently full with whale watching visitors. If the shore-based whale watching offers spectators equivalent proximity to water based whale watching, then it is reasonable to assume that more will chose the free shore-based whale watching. This increased activity will stress the west side county road, street side parking and safety issues, land preservation on thin soiled shoreline banks on Land Bank properties, and Lime Kiln Park facilities and services. This “increased activity” will require more infrastructure investment to develop and maintain services while experiencing reduced public tax revenue resulting from the shift from “paid whale watching” services to “free whale watching” services.