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## The Value of America's Beaches to the Economy

### The Value of Beaches to our National Economy

With 20,506 miles of eroding shoreline and 2,672 of that considered critically eroding, beach erosion is a serious threat to the Nation's beach tourism, and thus, a threat to the national economy. (ACOE 2004) Most people recognize that the ocean and the coast contribute to the U.S. economy through fishing, tourism, shipping development, and any number of commercial activities. However, beaches provide us with swimming and recreation, a barrier against storms, prevention from flooding of coastal properties, and a habitat for numerous species of animals.

When you consider the economic value of a beach, the major determining factor of value is the level of tourism that the beach community expects to receive from a nourished beach. It is well known that travel and tourism is the largest industry in the United States. According to the World Tourism & Travel Council, in 2004, the United States travel and tourism economy is expected to directly and indirectly produce 16.7 million jobs, representing 11.9% of total world employment and \$1,244.1 billion of gross domestic product (GDP), which equals 10.7% of the World GDP.

Tourism is a vital aspect to the national economy, and beaches are vital to tourism. If there is not a concentrated effort to restore the nation's beaches, the United States will potentially lose tourist revenue and jobs to foreign countries that are committed to protecting and nourishing their nations' shorelines. For example, Germany has spent over \$3.3 billion over the last 40 years on shore protection. This large sum of money went to protect a shoreline that is 5% the length of the United States and to a country that has 25-30 times less of the share of the World GDP. Japan in 1991 spent \$1.5 billion to protect their shoreline. This is more money than the United States has spent on shore protection over the past 54 years.

In order for the federal government to participate in a beach nourishment project, the Army Corps of Engineers must calculate a Benefit-to-Cost ratio (BCR). The minimum BCR for a Corps project is 1.0. This means that the project must return to the federal government 100% of the money that was used to pay for the project. For a beach nourishment project, more than 50 percent of the justification must be based on storm damage reduction benefits. However, simple cost-benefit ratios and budgeting exercises obscure the full range of benefits resulting from our nation's coastal infrastructure: economic stimulus, tax revenue, environmental protection, recreation, and storm damage mitigation.

A recent analysis of benefit to cost ratios (see below) for authorized Corps' shore protection projects clearly demonstrates that these projects pay for themselves one to seven times over the initial costs of construction. Again, for every dollar that the federal government and local sponsors put into a project, there is a return of \$1.00 to \$7.00 on the initial investment.

Policy changes set forth by the White House Office of Management and Budget to end funding the periodic renourishment of beaches after their initial construction because OMB sees the ongoing renourishment as too costly are not supported by the facts. Support for shoreline protection projects reaps substantial dividends for the Nation. These projects are investments in the economy that pay for themselves – many times over, in some cases – after their initial nourishment. The beneficiary is the federal taxpayer, whether they live along the coast or in the mid-West.

In a 2002 study commissioned by OMB, it was estimated that for a single typical beach nourishment project, one million beach tourists annually spend \$88.1 million within the beach region. This creates almost 2,000 full-time jobs annually with an estimated \$25.5 million in wages and salaries. Looking at the distribution of beach nourishment economic benefits for a "typical beach area," the study concluded that approximately 35 percent of the national economic development benefits (storm damage reduction benefits, recreation benefits, and other NED benefits) from a beach

nourishment project accrue to people within the beach region and 65 percent accrue to people who reside elsewhere.

### The Value of Beaches to State and Local Economies

Beaches are an important source of recreation for the American people and foreign tourists. It is estimated that each year approximately 180 million Americans make 2 billion visits to ocean, gulf, and inland beaches. This is almost twice as many visits as the combined 1.16 billion visits made to properties of the National Park Service, Bureau of Land Management, and all state parks and recreation areas. This recreational use of America's beaches results in \$45 billion to \$60 billion in direct federal tax revenues annually.

As important as beach tourism is to the national economy, it also has a significant impact on state and local economies. While the magnitude of this state and local impact is roughly one-third of the federal economic impact, the following data make it clear how important beach tourism is to tax revenues, business profits, and jobs at the state and local levels.

### BENEFIT-COST RATIOS OF SPECIFICALLY AUTHORIZED SHORE PROTECTION PROJECTS (INITIAL CONSTRUCTION COMPLETE)

#### NORTH ATLANTIC DIVISION

<u>DISTRICT</u>	<u>PROJECT</u>	<u>BCR</u>
New England	Wallis Sands State Beach, NH 1983*	0.9
	Hampton Beach, NH 1966*	1.7
	Winthrop Beach, MA 1956*	1.0
	Revere Beach, MA 1992*	1.6
	Quincy Shore Beach, MA 1950*	2.1
	Cliff Walk, RI 1975	1.9
	Prospect Beach, CT 1957*	1.9
	Seaside Park, CT 1958*	5.6
	Sherwood Island State Park, CT 1983*	6.2
New York	Rockaway Inlet to Norton Point (Coney Island Area), NY 1994*	1.9
	E. Rockaway Inlet to Rockaway Inlet and Jamaica Bay, NY 1975*	2.7
	Atlantic Coast of Long Is. Fire Is. Inlet & Shore Westerly to Jones Inlet, NY 1974*	1.9
	Fire Island Inlet to Montauk Point (Westhampton Interim), NY 1996*	2.6
	Fire Is. to Montauk Pt. Moriches to Shinnecock Reach, NY 1965*	1.7
	Fire Is. Inlet to Montauk Point, Southampton to Beach Hampton, NY 1965	2.5
	Raritan and Sandy Hook Bay, Madison and Matawan Townships, NJ 1965*	1.9
	Raritan Bay and Sandy Hook Bay, Keansburg and E. Keansburg, NJ 1968	1.7
	Sandy Hook to Barnegat Inlet, Reach 2 (Asbury Park to Manasquan), NJ 1997*	1.6
Sandy Hook to Barnegat Inlet, Section I (Sea Bright to Ocean Township), NJ*	1.6	
Philadelphia	Great Egg Harbor Inlet and Peck Beach, NJ 1992*	4.5
	Cape May Inlet to Lower Township, NJ 1989*	1.7
	Brigatine Inlet to Great Egg Inlet, Absecon Island, NJ*	1.9
	Townsend's Inlet to Cape May Inlet, NJ*	1.8
Baltimore	Atlantic Coast of MD-Ocean City, MD 1990*	1.5
Norfolk	Virginia Beach, VA 1964*	3.2
	Sandbridge, VA*	1.3

**SOUTH ATLANTIC DIVISION**

<u>DISTRICT</u>	<u>PROJECT</u>	<u>BCR</u>
Wilmington	Wilmington Fort Macon, NC 1961*	2.5
	Wrightsville Beach, NC 1965*	2.9
	Carolina Beach and Vicinity, NC 1965*	2.5
	Kure Beach, NC 1996*	1.8
	Ft. Fisher, NC 1980	3.3
	Ocean Isle, Brunswick County Beaches, NC 2001*	1.6
Charleston	Myrtle Beach, SC 1995*	7.1
Savannah	Folly Beach, SC 1993*	1.6
	Tybee Island, GA 1975: extension in 2000*	5.7
Jacksonville - Duvall Co.	Jacksonville Duval Co., FL 1978*	1.6
	St. Johns, FL*	1.9
	Brevard Co. - Cape Canaveral, FL 1975*	1.7
	Brevard Co. - North Reach, FL 2001*	1.9
	Brevard Co.-Indialantic/Melbourne, FL 1981*	3.4
	Fort Pierce Beach, FL 1971*	2.5
	Martin County FL, 1996*	5.0
	Palm Beach Co. - Jupiter/Carlin, FL 1995*	2.2
	Palm Beach Co.- L. Worth Inlet to S. L. Worth Inlet, FL (sand transfer plant) 1958	1.6
	Palm Beach Co. - Ocean Ridge, FL 1998*	2.3
	Palm Beach Co.-Delray Beach Segment, FL 1973*	2.7
Palm Beach Co.-Boca Raton Segment, FL 1988*	2.0	
Broward Co. -Segment 3, FL 1978*	2.5	
Jacksonville - Broward Co.	Segment 2, FL 1970*	3.2
	Broward Co. Segment 1, FL*	3.7
	Dade Co., FL 1975*	3.7
	Lee Co.-Captive Island Segment, FL 1989*	1.6
	Sarasota Co. - Venice Segment, FL 1995*	1.3
	Manatee Co., FL 1993*	2.3
	Pinellas Co.-Treasure Is. Segment, FL 1969*	1.6
	Pinellas Co.-Long Key Segment, FL 1980*	2.0
Pinellas Co.-Sand Key Segment, FL 1993*	3.6	
Mobile	Panama City Beaches, FL 1997*	2.8
	Harrison Co., MS 1952*	N/A

**OTHER COASTAL DIVISIONS**

<u>DISTRICT</u>	<u>PROJECT</u>	<u>BCR</u>
New Orleans	Grand Isle and Vicinity, LA 1985*	1.5
Galveston	Galveston Seawall, TX 1963	1.6
	Corpus Christi Beach, TX 1978*	3.1

Buffalo	Hamlin Beach State Park, NY 1974*	1.9
	Presque Isle, PA 1956*	1.3
	Lakeview Park Cooperative, OH 1977*	2.9
	Reno Beach, OH 1992	3.1
	Point Place, OH 1983	1.2
	Maumee Bay, OH 1991*	2.4
Chicago	Indiana Shoreline, IN 1996*	1.7
	Casino Beach, IL 1994	N/A
Los Angeles	Channel Islands Harbor, CA 1959*	1.2
	Ventura-Pierpont Area, CA 1962*	2.2
	Surfside/Sunset, CA 1964*	3.6
	Coast of CA, Point Mugu to San Pedro, CA 1968*	4.3
	Oceanside, CA 1961*	2.2
Alaska	Dillingham Snag Point, AK 1997	N/A
	Homer Spit, AK 1994: extension in 1998	N/A

**Notes:** Some of the projects have more than one BCR reported. This is because these projects have been evaluated more than once primarily due to a new construction decision or the change in policy in the wake of WRDA 1986. Where projects have more than one BCR, the average BCR was used for that project in calculating the average for all projects. The dates after the project name are the year in which initial construction was initiated. The projects with an asterisk (\*) are projects that involve only periodic beach nourishment or projects with a combination of structural measures and periodic beach nourishment. One combined structural and nourishment project, Harrison County, Mississippi, has no Federal participation in periodic nourishment due to its construction in 1952 and the BCR is not available. Structural projects alone, for which BCRs were not readily available, have been noted as N/A or not available. No structural-only projects were included in this average BCR calculation. The BCR of a project is in no way a determinate of economic value

**Out of the 66 projects in this table that have periodic nourishment, BCRs were available for 65 of them. The average BCR for those 65 projects is 2.47 to 1 (rounded to 2.5).**

- DRAFT RESOLUTION -

## **YES TO BEACHES**

**WHEREAS, America's beaches provide vital economic, recreational, storm damage reduction, and environmental benefits to the Nation; and**

**WHEREAS, nearly sixty percent of all Americans live within 50 miles of the Atlantic and Pacific Oceans, the Gulf of Mexico, and the five Great Lakes; and**

**WHEREAS, the Nation's beaches are the leading tourist destination for millions of domestic and foreign visitors, providing jobs and business profits which in turn produce billions of dollars of tax revenues for the Federal government, as well as state and local governments; and**

**WHEREAS, the Federal government has made a commitment to our Nation's beaches by partnering**

**with state and local governments to fund on-going beach restoration projects, including periodic beach renourishment, for over sixty years.**

**NOW, THEREFORE BE IT RESOLVED BY THE [CITY OF, COUNTY OF, TOWNSHIP OF \_\_\_]:**

**THAT, the [City Council, Local Organization] urges Congress to reject all efforts to withdraw from or limit the Federal government's role in our Nation's beach nourishment projects and to recognize that continued Federal support is critical to the sustained environmental and economic health of our coastal resources and communities.**

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Marlow & Company

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