

Economic Profile of Ithaca's Cayuga Inlet

Ithaca's waterways are fundamental to the character of the community. As a significant natural feature, they are part of what makes the City a unique place to live and visit. There are many ways in which the waterways contribute to the community; this section demonstrates their impact on the local economy.

The waterways affect the local economy in three primary ways; through flood protection, property tax revenues and tourism spending, particularly spending associated with recreational boating and water dependent businesses. In addition, millions of dollars in public and private investment in waterfront properties continue to increase their present and potential economic value. Property values in the waterfront are high; although nearly 97% of waterfront properties are tax exempt, annual tax revenues from the remaining 3% is over \$2 million. Finally, water dependent businesses generated over \$2 million in sales (nearly \$700,000 of which came from docking fees) in 2008. While the following profile does not assign an exact dollar value to the waterways, it elaborates on the value derived from these three factors.

Value of the Flood Protection

The current impairment of the Flood Control Channel combined with the recent hydrilla infestation increase the risk of a flood occurring in the City. The current Flood Control Channel capacity is only 38% of the ACOE design dimensions, based on 2008 bathymetric Data – this estimate does not account for aquatic vegetation impeding flows.

Public and Private Investment in the Waterfront

The communities of Tompkins County have long recognized the current and potential value of the waterfront to the economy of the region and have taken actions to preserve and promote it. These actions have included:

- developing a Local Waterfront Revitalization Plan,
- City rezoning of the waterfront,
- public investment in the Cayuga Waterfront Trail,
- City parks, docking and parking facilities,
- improvements to the farmer's market,
- the Allan H. Treman State Park Master Plan (1996).

Private investment has followed, including such projects as the Boatyard Grill, Cayuga Medical Center and Island Health and Fitness, and improvements to the Cornell and Ithaca College Boathouses. These major public and private investment efforts in the waterfront represent a wide range of projects and types of investment that characterize the economic vitality of the waterfront area.

Land Use, Business and Property Values in the Waterfront

The waterfront is an important destination for recreation and entertainment. Of particular note is the large amount of land in recreational use: 347 acres or 84% of waterfront properties within the City are publicly owned parkland and open space. These recreational facilities have both a local and regional draw. The waterfront also offers several entertainment and dining venues, including 6 restaurants and bars, a spa and health club and the Ithaca Farmer's Market, with 125 vendors and over 5,000 visitors a day.

Property values and tax revenues reflect the waterfront's value to the local economy. While only 4% of the parcels along the waterfront are taxable, these parcels contribute approximately \$2,108,635 to the City in taxes⁴. The value per acre of taxable property in the waterfront is \$200,974 while the value per acre of nontaxable property is \$121,278. Clearly, waterfront parcels are highly valued for their unique location and contribute substantially to the local tax base.

Economic Impact of Recreational Boating

Ithaca is a boating destination. Because of its connection to the Erie Canal, an avid boater could sail from Ithaca to the Atlantic Ocean via the Saint Lawrence Seaway or to the Gulf of Mexico via Lake Erie and the Mississippi River. Recreational boating is an activity that positively affects the local economy. These benefits are derived from boating-specific businesses, as well as related (non boating-specific) tourism spending. In a 2003 New York Sea Grant-funded study “*Recreational Boating Expenditures in 2003 in New York State and Their Economic Impacts*”, Cornell University researchers directly measured expenditures related to recreational boating and their impact on the state's economy. The researchers estimated that 2003 recreational boating expenditures by owners with NYS registered boats had: a total economic impact of \$1.8 billion, accounted for approximately 18,700 jobs, and contributed \$728 million to labor income. Of that number, \$600 million was associated with the economic regions bordering the Great Lakes and Finger Lakes.

The Cayuga Inlet has the highest concentration of boat traffic in the county and many boat facilities are dependent on a navigable channel to Cayuga Lake. The Inlet has numerous boating -based businesses and facilities, including four marinas, seasonal and transient marina slips, and one of the State's largest covered boathouses, accommodating as many as 47 boats. There are 661 slips on the waterfront; 657 of these (excluding the canoe docking area at Cass Park) can be used for motorized boats. Annual revenue of approximately \$693,970 is generated from 625 of the slips. Of the remaining 36 slips that do not directly generate revenue, 27 are available for transient docking convenient to various waterfront businesses and attractions. The remaining nine slips located on Cascadilla Creek are currently inaccessible due advanced sedimentation.

An estimated \$2,375,000 of annual revenue, including docking fees, are generated from businesses on the waterfront that are specifically related to boating, and therefore depend, at least in part, on a navigable waterway. It should be noted that revenues from facilities specializing in non motorized boats are not included. The Inlet has four primary facilities catering to non motorized boaters: Cornell University and Ithaca College Crew facilities, a business that rents and sells canoes and kayaks, and the Cascadilla Boat Club with approximately 175 members with annual membership and training fees of \$60,000.

Summary

Ithaca's waterways have a unique appeal and role within the City. The waterways themselves protect the City from flooding and serve major recreational function- providing ample and revenue-generating boating activity and facilities. Waterfront properties provide recreation and waterfront access to the local and regional population, preserve important ecosystems, and feature attractions and entertainment venues that draw tourist, are valued by the local community, and contribute significantly to City tax revenues.

The value of the waterways is derived from their function as flood mitigation and their role as a navigable waterway. The economic vitality of the waterfront evolved based partially on a navigable waterway. An impairment that reduces the use, enjoyment or function of the waterway can be assumed to diminish its current and future economic value

Above information is excerpted from:

Site Reconnaissance Report, Southern Tributaries to Cayuga Inlet Dredging Project, Ecologic LLC and City of Ithaca, June 2010.

The full document can be found at: <http://www.ecologicllc.com/ithacadredging.html>