PROFILE:

THE GREAT LAKES CHARTER SAILING INDUSTRY

GREAT LAKES SEA GRANT NETWORK

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The Great Lakes Charter Sailing Industry

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1. Introduction

An impressive charter sailing industry has developed on the Great Lakes during the last two decades. A report by the University of Wisconsin Sea Grant Institute (Plass 1987) examined seven kinds of emerging recreational businesses and identified charter sailing as the one with the greatest potential for growth and economic impact. The report noted that Wisconsin is one of the prime charter sailing markets in North America.

The Wisconsin study raised questions about the extent of charter sailing on the Great Lakes and its regional economic impact. This report presents the results of a survey conducted during the fall of 1987 by Sea Grant programs in Illinois-Indiana, Michigan, Minnesota, New York, Ohio, and Wisconsin. These programs comprise the Great Lakes Sea Grant Network. This report describes the status of the Great Lakes charter sailing industry in 1987 and estimates the 1987 gross income generated by the 31 participating businesses from charter sailing and charter sailing instruction.

2. Executive Summary

During the fall of 1987, the Great Lakes Sea Grant Network surveyed all 31 of the Great Lakes charter sailing businesses in Illinois, Indiana, Ohio, Michigan, Minnesota, New York, and Wisconsin that could be identified and subsequently reached by telephone. These 31 businesses managed a Great Lakes charter fleet of 351 sailboats.

Lake Superior had the most charter sailboats, with 48 percent of the fleet. Next, in order, came lakes Michigan, Erie, Ontario, and Huron. Wisconsin had more charter sailboats than any other state, with 58 percent of the fleet. Next, in order, came Ohio, Michigan, New York, Illinois, Indiana, and Minnesota.

The 351 sailboats were used for an estimated 12,189 charter days in 1987. This was an increase of almost 16 percent from 1986. The businesses that taught sailing trained 2,174 people during 1987, an increase of almost 61 percent over 1986.

Great Lakes charter sailing and sailing instruction generated at least $2.5 million in 1987 gross income for the 31 businesses surveyed. This was based on an estimate of $1.95 million provided by 84 percent of the businesses, which accounted for 74 percent of the boats. The total direct and indirect regional impact was estimated at $3.25 million to $4.5 million, based on fees paid to these businesses. This does not include money spent for trip-related expenses like food and lodging.

3. Methods

A draft survey was reviewed, revised, and pre-tested on several Wisconsin businesses during the summer of 1987. The survey (Appendices A and B) was used that fall. Surveys were conducted in person or by telephone, except that both Ohio businesses were surveyed by mail. Information collected during the survey was supplemented with brochures and rate sheets.

Sea Grant staff in each state identified charter sailing companies from lists published in sailing magazines and from local advertising. In Michigan, owners of charter sailboats were also identified through their state boat registration. We attempted to survey all Great Lakes charter sailing businesses. We were unable to make telephone contact with several businesses and may have missed a few small ones. All of the businesses contacted participated in the survey.

We were interested in cruising-type sailboats that were available for overnight use on the Great Lakes during 1987. Charter sailboats managed elsewhere by these businesses were not included.

When tallying the number of businesses and boats for each state, the determining factor was where the boat was kept. If the business office or owner was located in Minneapolis (Minnesota) but the boat was kept in the Apostle Islands (Wisconsin), it was considered a Wisconsin business.

Sailboats Inc. was the only business that operated charter sailboats in more than one state. Their Illinois and Wisconsin operations were treated as separate businesses so we could characterize the industry on a state-by-state basis.

4. Results and Discussion

A. *Fleet and Business Profiles*

In 1987, the Great Lakes charter sailing fleet had 351 boats managed by 31 businesses. In terms of number of boats per state (Table 1), the leaders were Wisconsin, with 203 (58 percent) of the boats, and Ohio and Michigan, with 54 and 48 boats (15 and 14 percent), respectively.

Table 1. Number of surveyed businesses and charter boats (by state).

State	Rank by No. of Boats	No. of Charter Boats	Percent of Fleet	No. of Businesses Surveyed
Wisconsin	1	203	58	12
Ohio	2	54	15	2
Michigan	3	48	14	11
New York	4	27	8	3
Illinois	5	10	3	1
Indiana	6	7	2	1
Minnesota	7	2	<1	1
Total		**351**	**100**	**31**

By lake (Table 2), there were two leaders. In terms of boats, Lake Superior led with 167 (48 percent) of the boats. In terms of businesses, however, Lake Michigan led with 20 (63 percent) of the 32 businesses. (There were 32 businesses when tallied by lake, because one business operated boats on two lakes).

Table 2. Number of surveyed businesses and charter boats (by lake).

Lake	Rank	No. of Boats	Percent of Fleet	No. of Businesses Surveyed
Superior	1	167	48	6*
Michigan	2	89	25	20*
Erie	3	54	15	2
Ontario	4	27	8	3
Huron	5	14	4	1
Total		**351**	**100**	**32***

* One of the 31 businesses had charter sailboats on both Lake Superior and Lake Michigan. It was counted twice in this table only.

The charter sailboats ranged from 23 to 65 feet in length. Boats 29-30 feet long were most common (Figure 1). When the number of size categories was reduced from 13 to four (23-28 feet, 29-34 feet, 35-40 feet, and 41-55 feet), 29-34 foot boats predominated in New York, Ohio, and Wisconsin, while 35-40 foot boats were most common in Michigan (Figure 2).

In terms of business size, 17 (55 percent) of those surveyed were small businesses: they owned or managed no more than three boats. Ten (32 percent) of the charter businesses were large: they managed 10 or more boats.

Most charter sailboats were owned privately and managed by a charter business. Ninety-three percent (326 boats) were owned privately, six percent (22 boats) were owned by the charter business, and one percent (three boats)

FIGURE 1
Size Distribution, Great Lakes Charter

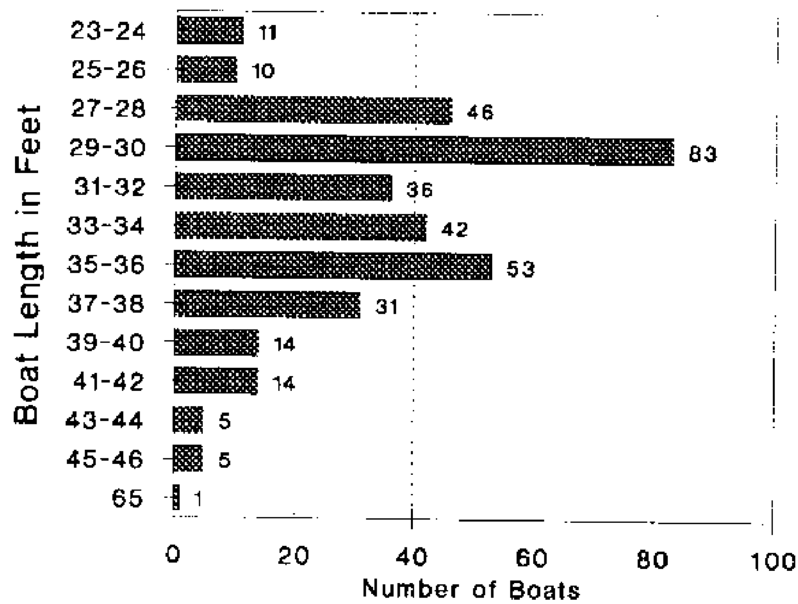
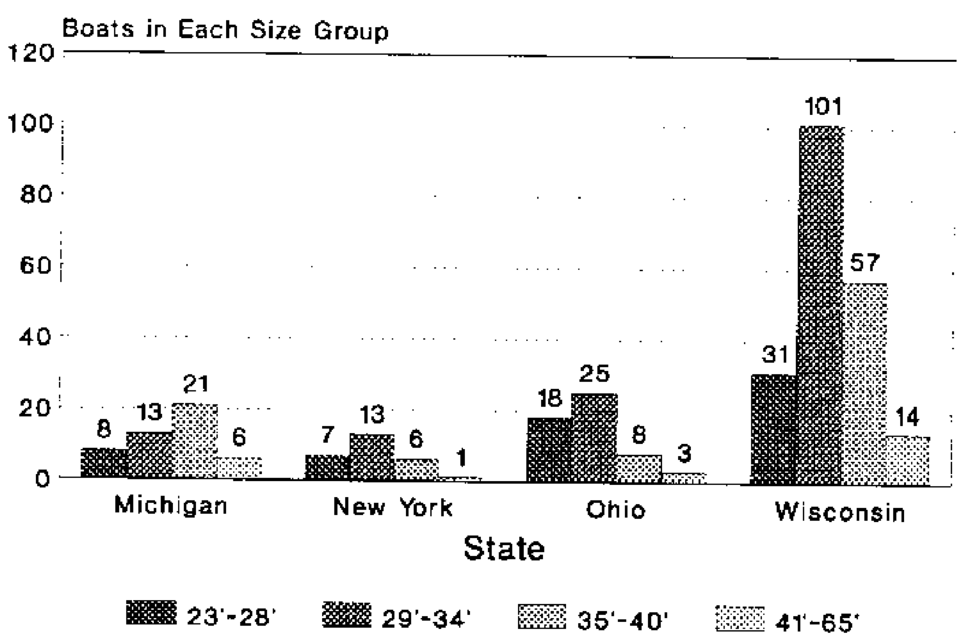


FIGURE 2
Charter Sailboat Size Distribution



were owned by marinas. Six businesses had two kinds of ownership: the charter business or marina owned a boat or two, and also managed from one to 32 boats that were privately owned.

We asked what year the business began under the present ownership. The earliest year reported was 1967; the latest was 1987. The mean and the mode were 1980 and 1982, respectively. Although charter sailing is not a new industry, many of the businesses are relatively new: 23 (74 percent) of the 31 businesses were started during the 1980s.

Great Lakes charter sailboats were not evenly distributed across the lakes or the region (Appendix C contains a map of the Great Lakes showing the locations of businesses that participated in this study). In Wisconsin, they were concentrated near the Apostle Islands (Lake Superior) and along the Door County Peninsula (Lake Michigan). In Michigan, they were concentrated on Grand Traverse Bay (Lake Michigan) and the North Channel (Lake Huron), which adjoins Georgian Bay. Other popular areas were found on western Lake Erie in Ohio and near the outlet of Lake Ontario in New York.

B. Fleet Use

The number of charter days (the number of days of use) logged annually was of interest because charter days show use, and use means economic impact. We were interested in charters rather than rides, although some businesses did both. If trips were less than a half-day long we considered them rides and did not knowingly include them as charter days. The 31 businesses estimated that they logged 12,189 charter days in 1987 (Table 3). This was an increase of almost 16 percent from the 10,538 charter days they estimated for 1986. Wisconsin accounted for at least 70 percent of the charter days logged during both years.

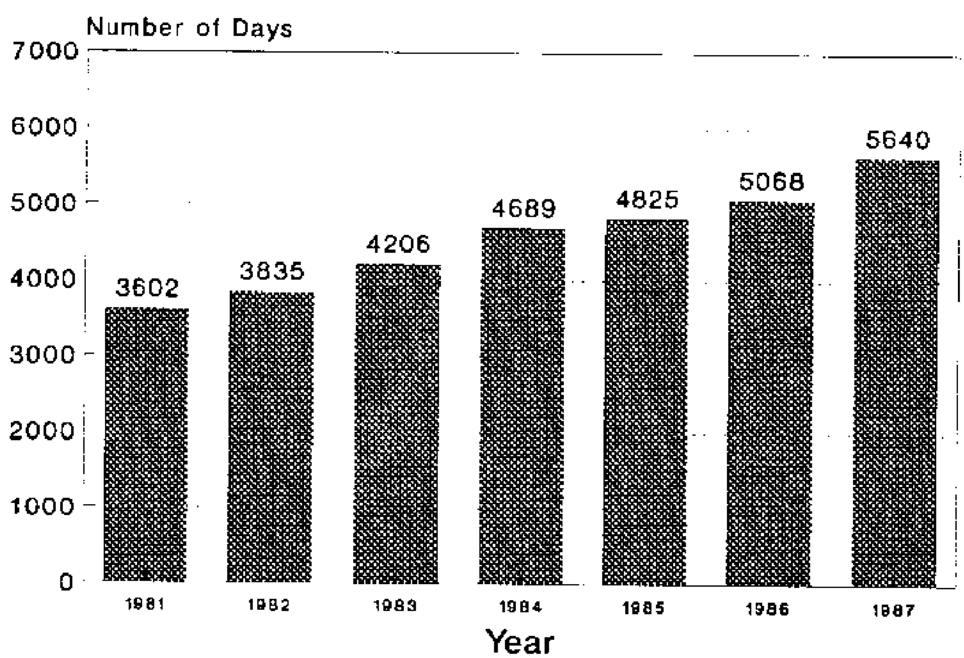
Establishing a trend requires a record kept over a period of time. Figure 3 shows the trend in charter days logged on western Lake Superior by Wisconsin's three largest charter sailing businesses from 1981 through 1987

Table 3. Estimated number of charter days, 1986-1987.

	Charter Days	
State	**1986**	**1987**
Wisconsin	7,564	8,574
Ohio	425	656
Michigan	1,173	1,582
New York	641	528
Illinois	220	300
Indiana	330	500
Minnesota	35	49
Total	**10,358**	**12,189**

Estimated number of charter days logged in 1986 and 1987 by 31 businesses. (For the number of businesses surveyed in each state, see Table 1; states are listed here in the same order.)

FIGURE 3
Charter Days Logged 1981-1987



Three operators, western Lake Superior

(updated from Plass 1987). In 1986, these three businesses accounted for 73 percent of the state's charter sailing fleet. The number of charter days logged grew at an average rate of seven percent per year.

We did not knowingly count any charter trips twice. Although 12 respondents said that more than one person or businesses booked their charters, 11 of them said that all of their charters were included in their estimate of total charter days. The twelfth person did not answer that question.

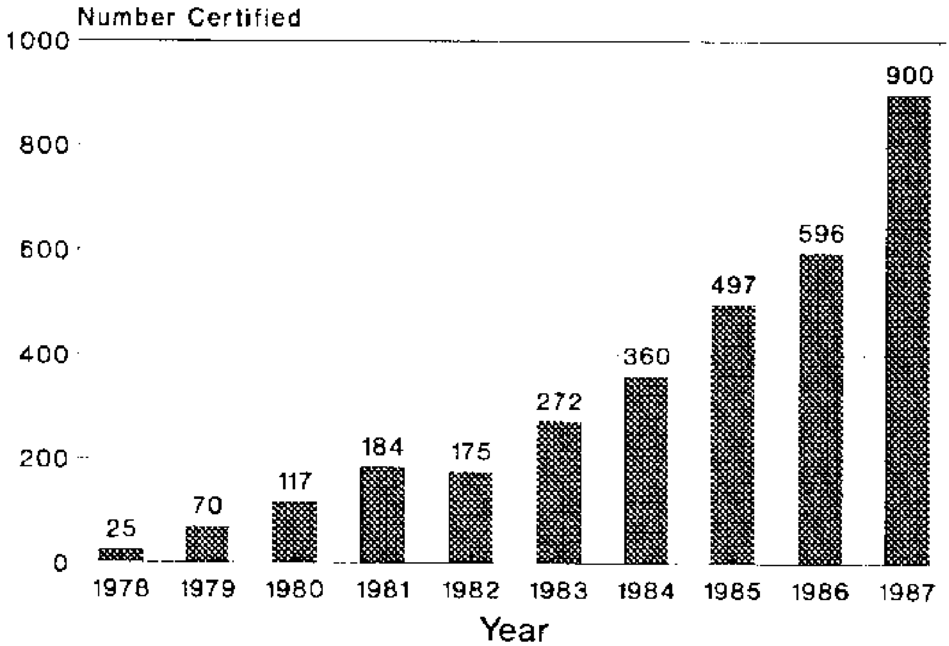
In a bareboat charter, the customers are completely responsible for the boat, without anyone aboard to represent the owner. Thirty-one (nine percent) of the boats, managed by five businesses, were available bareboat only. Three hundred and eight (88 percent) of the boats, managed by 15 businesses, were available either bareboat or with a captain. Twelve (three percent) of the boats, managed by 11 businesses, did not allow bareboat charters. Bareboat charters were possible on 339 (97 percent) of the boats, and accounted for at least 80 percent of the charters on all but seven of these 339 boats.

C. *Sailing Instruction*

Twenty of the 31 businesses offered structured sailing classes or lessons. Sixteen of these 20 businesses offered both beginning and advanced classes. Three more offered only beginning classes, while one offered only advanced. The 20 businesses estimated that 2,174 people took lessons from them in 1987. This was an increase of almost 61 percent from the estimated 1,351 people who took lessons from them in 1986.

Several respondents called sailing instruction the main limiting factor in the growth of bareboat charters. Dramatic growth in the number of sailors certified by Sailboats Inc., one of the participating businesses, can be seen in Figure 4. The number of students grew from 25 in 1978 to 900 in 1987 and showed an average growth rate of 34 percent per year. At a cost of $295 per student, this

FIGURE 4
Sailors Certified by Sailboats, Inc.



sailing instruction program generated $265,500 in 1987 alone.

D. *Outlook for Future Growth*

When asked about their expectations regarding the growth of their charter sailing businesses, four businesses expected to have boats at more Great Lakes locations in 1988 (Table 4). Nine expected to have more boats in their fleet. Twenty-two (71 percent) expected to log more charter days.

Three studies cited in Plass 1987 lend support to these expectations for growth. First, only four percent of respondents in a 1980 Gallup poll had sailed in the previous 12 months, but 49 percent picked sailing when asked what sports or activities they would like to take up or participate in more often. Sailing ranked second only to scuba diving.

Table 4. Expected business growth in 1988, as expressed by 31 charter business operators.

Response	Expect More Locations in 1988	Expect More Boats in 1988	Expect More Charter Days in 1988
Yes	4	9	22
No	21	17	8
Unsure	6	5	1

Second, whereas only 26 percent of those surveyed in the Minneapolis area said that someone in their household sailed, 43 percent said someone in their household would consider sailing on Lake Superior on an adventure tour (Gray 1986).

Third, the proportion of charter boaters in the Apostle Islands doubled in a decade (Heberlein 1986). Charter sailboats increased from 30 percent of all boaters in the Apostle Islands in 1975 to 67 percent in 1985.

E. *Economic Impact*

Great Lakes charter sailing and sailing instruction generated at least $2.5 million in 1987 gross income for the 31 businesses surveyed. This figure was extrapolated from the $1.95 million reported by the 26 businesses that responded to this question (Table 5). They represented 84 percent of the 31 businesses contacted and 258 (74 percent) of the boats in the fleet.

Wisconsin businesses accounted for 57 percent of the reported income, despite the fact that an income estimate was unavailable from one of the three largest charter sailing businesses in that state. Michigan came next, with 18 percent of the reported income. Illinois, Indiana, Ohio, and Minnesota together accounted for 25 percent of the reported income. Their responses were combined to ensure confidentiality, because each state had only one or two businesses. We obtained no income data for New

Table 5. Gross 1987 income generated by charter sailing and charter sailing instruction.

	Wisconsin	Michigan	Ill., Ind., Ohio, Minn.	Total
Charter Sailing Income	$779,100	$343,380	$378,000	$1,500,480
Sailing Instruction Income	$327,500	$6,200	$119,000	$452,700
Total	$1,106,600*	$349,580	$497,000**	$1,953,180
Number of Businesses Included	10	11	5	26 (of 31)
Number of Boats Included	137	48	73	258 (of 351)

[Income reported by 26 businesses (84 percent of those surveyed) with 258 boats (74 percent of the fleet).]

* Two Wisconsin businesses with 66 boats declined to provide income estimates for this study. Another Wisconsin business estimated charter income, but could not estimate income from the lessons taken by 22 people. Also, three New York businesses, with 27 boats, were not asked this question.

** Income estimates were combined for these four states to ensure confidentiality, because each state had only one or two businesses.

York; the interviewer in that state chose to omit this question.

Income from lessons varied as a percentage of total income reported (Table 5): it was two percent in Michigan, 16 percent in Indiana, 21 percent in Ohio, and 30 percent in Wisconsin. The $327,500 reported from Wisconsin lessons represented 17 percent of all the income reported in the study. The single businesses surveyed in Illinois and Minnesota did not indicate how much of their income came from lessons.

Our estimate of $2.5 million in gross income represents direct spending for charters and lessons only. It does not include direct expenditures for things like food and lodging.

For charter fishing businesses in this region, a multiplier range of 1.3 to 1.8 provides a way to estimate the indirect spending that occurs as money expended by visitors circulates through a community (Wayne Jesswein, University of Minnesota-Duluth, personal communication). Applying this multiplier range to charter sailing and sailing instruction suggests that they generate about $3.25 million to $4.5 million in direct and indirect impacts, based on the fees collected by charter businesses.

F. Problems Cited

We asked open-ended questions about critical problems facing the businesses (Appendix D), the effects of the new tax laws (Appendix E), liability insurance problems (Appendix F), and general observations about the charter sailing business (Appendix G).

Critical problems mentioned included the lack and high cost of liability insurance and dock facilities. Respondents cited a shortage of boats and the difficulty of recruiting new boats into the fleet. The high cost of advertising was also seen as a problem; respondents said it would help if state agencies did more to promote the industry.

Tax reform once appeared to threaten the charter sailing industry. Although the investment tax credit was lost, owners of charter sailboats can still deduct interest paid on a boat loan, unless such a deduction is already being claimed for a second home. As a result of changes in the tax laws, boat sales are now promoted on the basis of revenue generation rather than as a tax shelter.

When we asked about the effects of the new tax laws, responses varied. Some said they did not know yet, or said the full effect had not yet been felt. The most common response was that the changes in the tax laws had made it harder to add new boats to the fleet.

When asked if liability insurance problems had affected their business, 22 (73 percent) of the 30 who answered either said yes or cited a specific problem. The most common problems mentioned were that liability insurance had become expensive and hard to find. One respondent said a published list of insurance carriers would be helpful.

When people had a chance to make general comments and observations about the charter sailing business, most were upbeat and saw a potential for continued growth. Some commented on the need for greater recognition, encouragement, and promotion by the states. A Michigan operator said that the use of condensed natural gas on crewed charter boats should be legalized. Several operators said that charter customers need better knowledge of regulations and boat handling.

5. Conclusions

Great Lakes communities and states can help the charter industry and ultimately their own tourism industry by ensuring that adequate dockage and harbors of refuge are available. Communities, states and tourism associations can increase public awareness by including charter sailing in their promotions. Another way communities can encourage local spending by sailors is to see that restaurants, grocery stores, and laundry facilities are located near the marinas.

There may be opportunities for expanding instructional programs. For example, Michigan might benefit by training more sailors. Two hundred (83 percent) of the 241 sailors trained in Michigan in 1987 were trained on a single boat. (Sailors who took hourly lessons in Petoskey were not counted because it was an unstructured course, and it was not possible to tell how many students were trained nor how much income was generated). Income from lessons varied as a percentage of total income.

Michigan businesses reported earning 44 percent of Wisconsin's total income related to charter sailing and sailing instruction, but only two percent of Wisconsin's income from sailing instruction.

A substantial industry in charter sailing and sailing instruction exists on the Great Lakes. It generated at least $2.5 million in gross income in 1987, based upon fees paid. The direct and indirect impact of these fees was estimated to total between $3.25 million and $4.5 million.

Estimating the total regional direct and indirect economic impact for all spending related to charter sailing and sailing instruction would require surveying customers about their total trip-related expenditures. Such a survey was beyond the scope of this study. It would, however, provide valuable documentation of the total economic impact of charter sailing and sailing instruction on the Great Lakes.

6. Literature Cited

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APPENDIX A:
Instructions for Conducting the Survey

Telephone Survey of
Great Lakes Charter Sailing Businesses
Great Lakes Sea Grant Network
August 1987

Guidelines for Interviewers

a. Before conducting the survey, try to obtain a charter fleet listing to help you fill out the first question. This is especially important if they have a lot of boats. If you don't already have their charter boat listing, brochure, and rate sheet, call and ask to have them sent. At the same time you might want to introduce yourself and make an appointment for a good time to call and do the survey.

b. Please get a rate sheet for each business.

c. Fill in as much of the survey form as you can ahead of time; verify those entries during the call.

d. If you want to do the survey in person at the marina, rather than by phone, that's OK. (But don't mail it out).

e. The survey is aimed at those who are the **primary arrangers** of charters for the boats. (If a boat is privately owned and is managed by a charter master as part of a fleet, we want to survey the charter master. If owners arrange most of their own charters, we want to survey the owners. We don't want to count any boats twice).

f. We are looking at **cruising-type sailboats** that are **available for overnight use on the Great Lakes in 1987**. A few charter companies with Great Lakes boats also have boats on large inland lakes or in Florida; we will count only the boats in their Great Lakes fleet.

g. The survey will include boats used for bareboat charters (defined below) and also those with a mandatory captain.

h. We will separate some data by town, lake, or state. The survey questions are laid out accordingly.

i. If people aren't sure of their estimates (i.e., on the number of charter days) and they want to call you back after checking, try to get at least rough estimates from them during the initial call. Then they can check their records and get back to you. That way, we're sure to have some data to work with.

j. Write down comments people make during the interviews.

k. If you have trouble getting hold of someone, please try at least five times.

l. Be prepared for the fact that you may have to call people back to clarify things.

m. Text that's **bold** should be read out loud. Text in brackets, [ ], is for your information, and shouldn't be read out loud. Text in parentheses, ( ), doesn't apply to everyone and should be read only if it applies.

Definitions for interviewers:

Bareboat charter: without a captain or instructor from the charter sailing business.

Charter day: to be counted as a charter day, a trip should be at least one-half of a day; shorter trips are more like excursions and will not be counted here.

Charter days per season: the number of days an individual boat is chartered in a season. For a charter fleet, this equals the sum of the number of days each boat was booked during that season.

Cruising-type sailboats: boats set up for overnight trips (i.e., with berths and a porta-potty or head) as opposed to day sailors.

APPENDIX B:
The Survey

[Note: Bold text was read out loud, while text in brackets was not. Text in parentheses was read only if it applied to a particular business].

Telephone Survey of
Great Lakes Charter Sailing Businesses
Great Lakes Sea Grant Network
August 1987

Name of charter sailing business [fill in ahead of time]:

____

Address: ______________________________________

____

____

Phone: (area code)__________ (number) ____________

Hello. I am XXX from YYY. We are doing a charter sailing study, and I'd like to talk to the charter master or whoever is in charge of your charters. Are you the person I should talk to?

[if yes]: **Good.**
[if no]: introduce yourself to the right person.

Maybe you saw the letter I sent earlier about this project. YYY is part of the national Sea Grant program, which conducts research, educational, and outreach activities on the oceans and Great Lakes. Here on the Great Lakes, we are working together to find out more about the region's charter sailing industry.

This information will help us assess the needs of charter sailing businesses. It will also be shared with state tourism offices, planning commissions, development agencies, and other groups interested in promoting the growth of charter sailing.

Do you have 15 minutes to spend with me on the survey?

[if yes]:**thanks.**
[if no]: **is there a better time, when I could call back?**

[I.] **I'd like to start with some questions about your fleet and its use.**

1. [Reminder: Get a charter fleet listing ahead of time, so you can fill this in before calling. Then you can just confirm it during the call].

   I'm interested in cruising-type sailboats that are suitable for overnight trips. I need to get the information about your fleet separately for each location.

   a. **At which Great Lakes locations do you keep charter sailboats?** [Note: Location is the whatever is used locally; it could be the name of the port, marina, island, etc.]

   b. **For each of these locations, what's the nearest town?**

   c-d. [Note: You can probably fill in the lake and state names on your own. If you're not sure, ask].

   e. **What year did you** (your business) **start chartering at each of these locations?**

   f. [Note: There are two ways to approach this question. Try to go with the first approach if they have more than five boats]:

      (1) **According to your literature you have x boats at y location. Is that right?** [Note: You don't need to double check the size distribution], or ask

      (2) **Would you please tell me how many boats you have in each fleet, and what sizes they are?**

[Note: Put answers to question 1 in the following grid. The blank spaces for (a) to (f), below, correspond to *a* to *f*, above]:

	Fleet 1	Fleet 2	Fleet 3	Fleet 4
(a) Location:	____	____	____	____
(b) Nearest town:	____	____	____	____
(c) Great Lake:	____	____	____	____
(d) State:	____	____	____	____
(e) Year started at this port:	____	____	____	____

(f) No. of charter sailboats, by size, in fleets:

Boat length:

23-24'	____	____	____	____	23-24'
25-26'	____	____	____	____	25-26'
27-28'	____	____	____	____	27-28'
29-30'	____	____	____	____	29-30'
31-32'	____	____	____	____	31-32'
33-34'	____	____	____	____	33-34'
35-36'	____	____	____	____	35-36'
37-38'	____	____	____	____	37-38'
39-40'	____	____	____	____	39-40'
41-42'	____	____	____	____	41-42'
43-44'	____	____	____	____	43-44'
45-46'	____	____	____	____	45-46'
47-48'	____	____	____	____	47-48'
49-50'	____	____	____	____	49-50'
>50'	____	____	____	____	>50'

[Note: if the fleet includes boats longer than 50', please write their lengths below. Keep the entry in the proper column so we know its location]:

	Fleet A	Fleet B	Fleet C	Fleet D
boats	____	____	____	____
>50'	____	____	____	____
	____	____	____	____

[Note to interviewer: later, please subtotal by fleet, and total for this business at all locations].

2. **How long (since what year) has the business been under its present ownership?**
   a. since 19__

3. **Do you expect to have boats at more Great Lakes locations next year?** [i.e., at a greater number of locations].
   a. __ yes
   b. __ no
   c. __ not sure

4. **Do you expect to have more boats in your fleet next year?**
   a. __ yes
   b. __ no
   c. __ not sure

5. **We'd like to find out who owns the boats in your charter fleet. How many, or what percentage, of them are owned by these groups:** [Note: don't count boats the charter business owns temporarily that were taken as trade-ins when someone bought a new boat].

	percentage or number owned
a. **your charter sailing business**	____% or ___#
b. **the marina**	____% or ___#
c. **private individuals or businesses**	____% or ___#
d. **others (who?)**____________________	____% or ___#

6. **It's important to find out how many charter days are being logged on the Great Lakes each year. Figures will be totaled so that individual businesses can't be identified. (If you have boats on more than one lake, or in more than one state, we need to keep that information separate).**

Can you tell me how many charter days at least a half-day long you logged in 1986 and in 1987?

	lake 1	lake 2	lake 3
Lake name:	(______)	(________)	(________)
state 1 name:___	'86______ '87______	'86______ '87______	'86______ '87______
state 2 name:___	'86______ '87______	'86______ '87______	'86______ '87______
state 3 name:___	'86______ '87______	'86______ '87______	'86______ '87______

7. **Do you expect to log more charter days in 1988 than you did in 1987?**
   a. __ yes
   b. __ no
   c. __ not sure

8. **Does anyone other than your business normally arrange charters on the boats in your fleet?**
   a. __ yes
   b. __ no
   c. __ not sure

   [if yes]:
   d. **Who?**
      (1)_____ the boat owners
      (2)_____ the marina
      (3)_____ another charter sailing business
      (4)_____ travel agents
      (5)_____ sailing schools
      (6)_____ other (who?)________________

   [if yes]:
   e. **Are these "additional" charters included in your estimate of charter days?**
      (1)_____ yes
      (2)_____ no
      (3)_____ some are included
      (4)_____ not sure

9. **Most of your charter days are logged on boats in a certain size range. Which of the following size categories accounts for the greatest number of your charter days?**
   a. _ 26-29'
   b. _ 30-33'
   c. _ 34-37'
   d. _ 38-41'

10. **What percent of your charter days are during your "high" or prime season, as opposed to your "low" or shoulder season?**

    [Note: we are letting businesses define their own high and low seasons; it's whenever their rates shift. If their rates don't shift, call June, July, and August the high season].

    a. __ percent are in high season

11. **We'd like to get an idea how long charter trips last.**
    a. **What percent of your charters are day-use only (not overnight)?** ___%
    b. **What percent of your charters are booked for weekends?** ___%
    c. **What percent are booked for a week [six to seven days]?** ___%

12. **What percent of your charter trips are bareboat charters?**
    a. __ percent are bareboat

[II.] **Now I'd like to ask you about sailing instruction. We're interested in lessons or classes on cruising-type sailboats--not lessons on sailboards or daysailors.**

13. **Do you offer structured sailing lessons or classes for which you charge a fee?**
    a. __ yes
    b. __ no

    [if yes]:
    c. **What level of lessons do you offer?**
       (1)____ beginning only
       (2)____ advanced only
       (3)____ both beginning and advanced

[if yes]:
How many people took the lessons:
d. **in 1986?** ___
e. **in 1987?** ___

[III.] **This last section is a little different, starting with some open-ended questions.**

14. **What are the three most critical problems facing your charter sailing business today?** [Note: this is not a ranking, so number 1 doesn't have to be the worst problem. If they don't come up with three things, that's OK. If more than three problems are mentioned, note them all].

15. **Have the new tax laws affected your business?**
 a. __ yes
 b. __ barely
 c. __ no
 d. __ not sure
 e. [if yes]: **how?**

16. **Have liability insurance problems affected your business?**
 a. __ yes
 b. __ barely
 c. __ no
 d. __ not sure
 e. [if yes]: **how?**

17. **Are there any general comments or observations you'd like to make about the charter sailing business?**
 a. __ yes
 b. __ no
 c. [if yes]: **what?**

18. **One of the important things this survey can show is the revenue generated by charter sailing in the Great Lakes region. If we base our dollar estimate on the number of charter days reported, it will be a very rough estimate, because there are so many things that determine the cost of a charter. For that reason, we are asking people to consider providing an estimate of their 1987 gross income from sail charters and sailing lessons. This information would be kept strictly**

confidential. Would you be willing to tell us that information to help us develop a good estimate of the economic impact of charter sailing?

[if not]: **OK.** [Note: go to question 19].

[if so]: **Thanks. What would you estimate for gross income from sail charters in 1987? From sailing lessons?**
a. $_____ from sail charters (1987)
b. $_____ from sailing classes (1987)

[Note: if boats are based in more than one state, ask]: **What percent of that was earned in xx** (state 1), **yy** (state 2), **zz** (state 3)?
c. ____% earned in state 1 (name _________)
d. ____% earned in state 2 (name _________)
e. ____% earned in state 3 (name _________)

19. **Would you like a copy of the survey results when the summary report is ready?**
a. _ yes
b. _ no

[if yes]: **In that case, could I get your name and title, and make sure I have the right address?**

[if no]: **Could I please get your name and title in case I need to clarify something with you later?**

c. name:_______________________________

d. position/title:_________________________

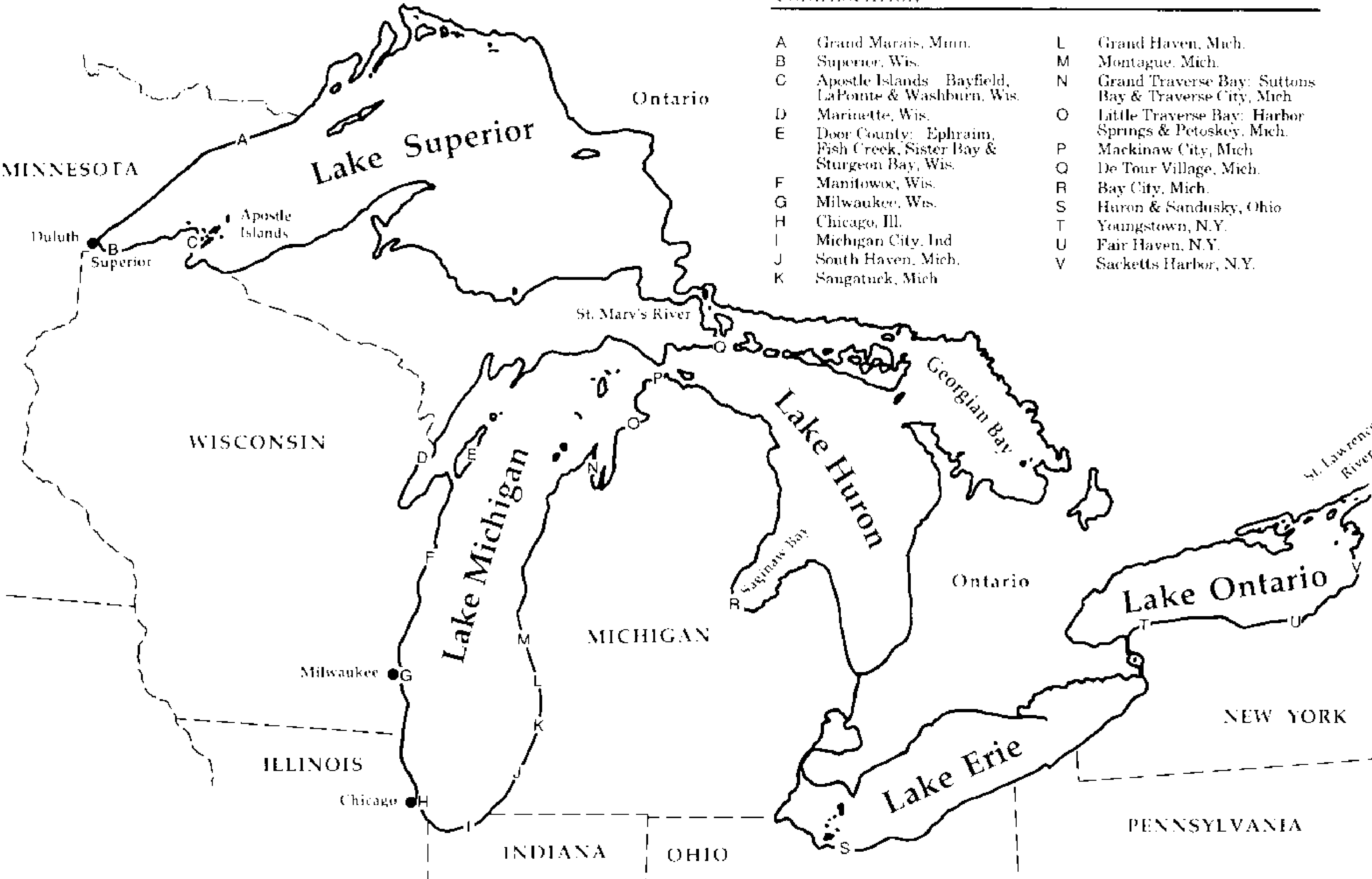
20. [Note to interviewers: If you haven't gotten a charter fleet listing, brochure, and rate sheet yet, request them now and give your address].

21. **That's the end of the survey. Thank you very much for taking the time to go through it with me. I really appreciate it.**

APPENDIX C:
Number of Sailboats Available in Great Lakes Coastal Communities

[Note: More than 31 businesses are listed here because, in this table only, they are listed at each of their locations.]

	Map Code	No. of Businesses at Location	No. of Boats	Totals by State
ILLINOIS				
Chicago	H	1	10	10
INDIANA				
Michigan City	I	1	7	7
MICHIGAN				
Bay City	R	1	4	
De Tour Village	Q	1	6	
Grand Haven	L	1	1	
Harbor Springs	O	1	2	
Mackinaw City	P	1	4	
Montague	M	1	1	
Petoskey	O	1	1	
Saugatuck	K	1	1	
South Haven	J	2	2	
Suttons Bay	N	1	1	
Traverse City	N	2	25	48
MINNESOTA				
Grand Marais	A	1	2	2
NEW YORK				
Fair Haven	U	1	5	
Henderson Harbor	V	1	7	
Youngstown	T	1	3	
Sacketts Harbor	V	1	12	27
OHIO				
Huron	S	1	33	
Sandusky	S	1	21	54
WISCONSIN				
Bayfield	C	3	107	
Ephraim	E	2	2	
Fish Creek	E	1	1	
LaPointe	C	2	34	
Manitowoc	F	1	8	
Marinette	D	1	1	
Milwaukee	G	2	2	
Sister Bay	E	2	8	
Sturgeon Bay	E	2	16	
Superior	B	1	20	
Washburn	C	1	4	203
			TOTAL	351



CODE LOCATION

A	Grand Marais, Minn.	L	Grand Haven, Mich.
B	Superior, Wis.	M	Montague, Mich.
C	Apostle Islands: Bayfield, LaPointe & Washburn, Wis.	N	Grand Traverse Bay: Suttons Bay & Traverse City, Mich.
D	Marinette, Wis.	O	Little Traverse Bay: Harbor Springs & Petoskey, Mich.
E	Door County: Ephraim, Fish Creek, Sister Bay & Sturgeon Bay, Wis.	P	Mackinaw City, Mich.
F	Manitowoc, Wis.	Q	De Tour Village, Mich.
G	Milwaukee, Wis.	R	Bay City, Mich.
H	Chicago, Ill.	S	Huron & Sandusky, Ohio
I	Michigan City, Ind.	T	Youngstown, N.Y.
J	South Haven, Mich.	U	Fair Haven, N.Y.
K	Saugatuck, Mich.	V	Sacketts Harbor, N.Y.

APPENDIX D: Responses to the Question: "What are the three most critical problems facing your charter sailing business today?"

ILLINOIS:

Chicago:

The physical problem of getting to boats in Chicago harbors is a major one.

INDIANA:

Michigan City:

Liability insurance.

Changes in the boating laws, or at least in the interpretation of the laws, by the Indiana Department of Natural Resources and the U.S. Coast Guard.

MICHIGAN:

Grand Haven:

Not enough time.

Harbor Springs:

The short season.

Liability insurance. It's difficult getting a carrier. Some insurance companies dropped sail charter businesses, causing problems. Lloyds of London picked up but then dropped some businesses.

Docking facilities are limited, but this may be solved locally.

Michigan Waterways docks prohibit charters or make them too costly.

Montague:

Promotion.

Children; no one under 12 years of age is allowed.

Insurance.

Petoskey:

Dock fees, which doubled in a year, and inspection fees.

Community attitudes are a problem. They don't want you to advertise or promote, which makes it difficult to attract business and hinders "walk-ons," which are a big market. What do I get for my doubled dock fee?

Lack of state help in advertising is a problem. The state does not recognize sail charters as a distinct business.

We need an association.

Traverse City #1:

Changes in tax law make it difficult to find people to invest, and will lead to shortage of boats.

There is a shortage of dock space.

There has been a change in clientele. It's no longer just people with money.

The law requires people with a single boat to be more active, which hinders my management and use of the boat.

Traverse City #2:

Liability insurance. One company dropped us for no reason.

Hull insurance is costly.

Mooring facilities are limited.

Saginaw:

Insurance costs are high.

The season is short.

It is hard to recruit boats.

Saugatuck:

Promotion.

South Haven #1:

Insurance.

The Internal Revenue Service.

Overhead costs are high.

South Haven #2:

Slip rental costs are going up.

Suttons Bay:

The short season.

Trying to set an appropriate rate schedule is difficult.

Advertising.

MINNESOTA:

Grand Marais:

We have good facilities; the biggest problem is getting the word to the right people.

Insurance costs are high.

The season is short.

NEW YORK:

Fair Haven:

Tax laws.

Insurance.

Henderson Harbor:

Tax laws.

There are not enough boats coming into the fleet.

Sacketts Harbor:

Tax legislation has had a dramatic impact on business. Fewer boats are being sold for charters; this will have a secondary impact on boat sales.

The weather.

OHIO:

Huron:

There is a potential lack of boats.

Advertising costs are high.

The cost of running the program is high compared to income.

Sandusky:

There is a lack of dockage.

Charter insurance.

Advertising costs are high.

WISCONSIN:

Bayfield #2:

Insurance is a big problem.

Bayfield #3:

It's hard getting enough boats to meet increases in demand.

We have to continually raise prices to meet costs.

Ephraim #2:

Damage to expensive boats.

Screening clients.

The short season.

LaPointe #1:

Tax laws.

Finding people to fill boats; lack of demand.

LaPointe #2:

There are not enough boats available.

A thousand new people are certified to sail every year, but the boat population in this area is decreasing.

Charterers don't know how to operate marine heads.

Milwaukee #1:

There is a lack of customers.

Milwaukee has poor facilities, and anglers get first priority.

Milwaukee #2:

The biggest problem is our liability insurance cost, which has gone from $803 to $1,816 per year.

Because of that, we may not be able to continue next year.

The short season.

The weather.

Sister Bay #1:
Insurance is hard to get.
Maintenance costs are high.
Charter restrictions.

Sister Bay #2:
The season is short.
There is a shortage of private dock space; we need a high-traffic area.
The weather.
The attitude of local people is negative.

Sturgeon Bay:
Liability insurance.
Responding to potential customers takes a lot of postage stamps and telephone calls.
It's inherently a high-risk business, so we spend time worrying about the customers.
There is no standardized seamanship test or certification required for chartering.

Responses without detailed comments:
No critical problems: *Ephraim #1, Bayfield #1.*

APPENDIX E:
Responses to the Question: "Have the new tax laws affected your business?"

ILLINOIS:
Chicago:
Yes; the change in emphasis from tax shelters to revenue generation is an obvious new marketing strategy.

INDIANA:
Michigan City:
No; boat owners have the problem, rather than our company, which manages the boats.

MICHIGAN:
Petoskey:
Not sure; probably. It's too soon to know what the allowable deductions will be. A loss of deductions could put us out of business.
Suttons Bay:
Not sure; I won't know until I do my taxes. The benefit under the old law was the investment tax credit.

Responses without detailed comments:
Yes: *Traverse City #1, Saginaw.*
Barely: *Grand Haven.*
Not sure: *Montague, Saugatuck, South Haven #1, Traverse City #2.*
No: *South Haven #2, Harbor Springs.*

MINNESOTA:
Grand Marais:
No; we own the boats.

NEW YORK:
Fair Haven:
Yes; there are fewer boats available.

Responses without detailed comments:
Yes: *Henderson Harbor, Sacketts Harbor.*

OHIO:
Huron:
Yes; it's making it difficult for people to buy a boat and put it into the program.

Sandusky:

Yes; we manage all the yachts that we charter. Under the new laws, the tax advantage of owning a boat has decreased. It is harder to get new boats into the fleet.

WISCONSIN:

Bayfield #1:

Barely; the increase in rates hasn't hurt business. Boats that were four to five years old have dropped out.

Bayfield #2:

Barely; there will be more effects next year.

Bayfield #3:

Yes; the advantages of purchasing a boat for charter have been reduced.

Ephraim:

No; we are an association of boat owners. The boats are managed for a 20 percent fee.

LaPointe #1:

Yes; next year more people will be selling their boats instead of putting them in the water.

LaPointe #2:

Yes; the bureaucrats have no idea that there's anyone in the business. The folks in the original fleet have rented their boats out for years. Too much red tape lets accountants survive but ruins small businesses.

Milwaukee #2:

No, but the city taxes the boat with a property tax.

Sister Bay:

Yes; fewer boats may be available.

Sturgeon Bay:

No; I bought my boat prior to the new laws.

Responses without detailed comments:

No: *Ephraim, Milwaukee #1, Sister Bay #2.*

APPENDIX F:
Responses to the Question: "Have liability insurance problems affected your business?"

ILLINOIS:
Chicago:
No.

INDIANA:
Michigan City:
Yes; this is not a problem for bareboat charters on sailboats, but is a real problem for charters on powerboats.

MICHIGAN:
Montague:
Yes; the cost is high.
Petoskey:
No; not yet.
Saugatuck:
No; but it's expensive.
South Haven #1:
Yes; rates are high and insurance is hard to find.
South Haven #2:
Yes; the price is going up.
Suttons Bay:
Yes; rates are increasing and it's hard finding carriers. We were dropped by a carrier for no reason and with little notice.
Traverse City #1:
No; it's not a problem getting coverage.

Responses without detailed comments:
Yes: *Saginaw, Traverse City, Harbor Springs.*
No: *Grand Haven.*

MINNESOTA:
Grand Marais:
Yes; we own the boats, so we bear the brunt of it. Insurance is too expensive, and it's hard to get. We found only three companies that would insure us.

NEW YORK:
Fair Haven:
Yes; the requirements are more stringent.
Henderson Harbor:
Yes.

Sacketts Harbor:
No; my insurance was cheaper this year.

OHIO:
Huron:
Yes; my liability insurance doubled in cost.
Sandusky:
Yes; we are at risk whenever we train on a client's boat.
The cost of insurance along with the reduced tax advantage makes it hard to get new boats into the fleet.

WISCONSIN:
Bayfield #2:
Yes; it's expensive.
Ephraim #1:
Yes; it's expensive.
Ephraim #2:
Yes; it's difficult to get.
LaPointe #1:
No; not if you can afford it.
LaPointe #2:
No; we have two or three good vendors in the area.
Milwaukee #1:
No; we are insured out of New Jersey by an outfit that caters to charter companies.
Milwaukee #2:
Yes; the rates have gone up.
Sister Bay #1:
Yes; it's expensive, harder to get, and has more restrictions.
Sister Bay #2:
Yes; it doubled in price two years ago.
Sturgeon Bay #2:
Yes; getting underwriters is difficult. Sea Grant should publish a list of insurance carriers.

Responses without detailed comments:
No: *Bayfield #1, Bayfield #3.*

APPENDIX G:
General Comments and Observations Made about the Charter Sailing Business by Respondents

ILLINOIS:

Chicago:

There is a lot of business out there that we need to find and take advantage of.

INDIANA:

Michigan City:

Southern Lake Michigan has great growth potential.

MICHIGAN:

Harbor Springs:

I would like a dock in Cross Village.

We need to legalize the use of condensed natural gas bottles on crewed charter boats.

Grand Haven:

Charter sailing is a needed business on the Great Lakes.

Montague:

Charter sailing needs more promotion.

Petoskey:

It's a neat thing to do and a needed service for the vast potential sailing audience.

It could do a lot for Michigan.

It needs encouragement from the state.

Saginaw:

The potential is there, but we have a short season.

South Haven #1:

It needs more promotion.

Suttons Bay:

Liability insurance problems and the tax situation are driving the small guy out.

It's tough to make a living.

Traverse City #1:

The new tax laws are helping the individual. Some people are "scamming": they don't have insurance, etc. The new laws require people to be more active and show a serious attempt to make a profit.

Two weeks of use by boat owners is really 10 weeks, which is not kosher with the Internal Revenue Service.

There are fewer people in the business, which will lead to a shortage of charter sailboats in future.

Traverse City #2:

Bigger boats are more in demand now.

More boat rentals would help by giving higher visibility to the charter sailing industry.

NEW YORK:

Henderson Harbor:

Fluctuating water levels impact both navigation and safety.

OHIO:

Huron:

The new laws have reduced boat sales, which has an affect on charters. The first year our business did not grow was 1986; instead, it was down 20 to 25 percent. In spite of this, we still believe that charter sailing has strong growth potential.

WISCONSIN:

Bayfield #2:

Some people don't teach student sailors enough, which gives the industry a bad name.

There are a lot of idiots chartering boats.

Bayfield #3:

The business will continue to grow.

Training new sailors is the key; it's the limiting factor on bareboat charters. Sixty to 70 percent of the students who go through our sailing school return to charter with us.

Ephraim #1:

We get a tremendous variety in customers; they come from all over the world. Seventy-five percent of them have never been sailing before.

Ephraim #2:

We get little recognition in Wisconsin.

We have trouble advertising.

LaPointe #1:

This business has a lot of potential.

Milwaukee #1:

Some scuba divers have done bareboat charters on my sailboat.

Here in Milwaukee, compared to Door County and the Michigan shore of Lake Michigan, our boats are not as well recognized and there is less to see.

Milwaukee #2:

Milwaukee has untapped potential.

It is difficult to turn a profit.

The state allows cities to tax charter boats: that's unfair.

Sister Bay #1:

. Charter sailing is very popular. There are many things to do, and we also have secluded areas. All are accessible to boats in Door County.

There is a lack of awareness of Coast Guard regulations. The regulations are not clear, and people who charter are not aware of them.

Sister Bay #2:

We had an unusual season in 1987. Previously, most of our customers were from Milwaukee, but in 1987 more were from Illinois, especially the Chicago area.

Sturgeon Bay #2:

We meet many nice people; everyone is happy.

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