

Marine Industry Conference of Minnesota - Highlights

by James D. Murray

INTRODUCTION

On March 8, 1977, 90 persons from throughout Minnesota gathered in Roseville to attend a marine industry conference, the first of its kind in the state. This conference grew out of a meeting the previous December of representatives of the North Central Marine Association, Midwest Marina Operators Association, Minnesota Marine Advisory Service, Agricultural Extension Service. Those attending agreed that an educational conference geared to this industry would be valuable. They decided upon the following objectives:

- to inform those in the industry about national and state trends affecting their businesses.
- to assist representatives of the marine industry in understanding the many permits and regulations which affect them.
- to allow representatives of the marine industry to interact informally with others from around the state.
- to investigate the need for other statewide or regional conferences.

The conference was attended by marina operators, boat and marine equipment dealers, manufacturers' representatives and staff members of several public agencies which deal with boating. The morning session was an industry update from a national perspective. The afternoon session covered topics of local concern. What follows here is a summary of the conference providing highlights from both sessions.

The United States Marine Industry - Market Outlook and Governmental Relations.

Jeff W. Napier
General Counsel, Boating
Industries Association (BIA)

"It looks like 1977 will be a good year for our industry in most areas of the country and in most lines of product."

The market outlook for the marine industry is optimistic. The forecast for boat unit sales is an increase of seven to eight percent, up from a five percent increase last year. Dollar volume is predicted to rise 14% to 15%, comparing favorably with last year's 10% rise. The present unemployment rate is seven percent. But looking at it optimistically, that still leaves 93% employed and these people have money to spend on boating.

Three new market segments have developed and the marine industry should be aware of these. One segment is retired people. Retirees do not suffer from unemployment problems and they have a great deal of leisure time. This population is growing four times faster than the work force. It is a consumer group that is not as old and inactive as one might think. In fact, 40% of retirees are under the age of 60. BIA figures show this group buying an increasing number of marine products.

A second market segment of growing importance is young adults. Over 50% of this group has gone to college and, contrary to popular belief, their unemployment rates are quite low. They were raised during high years of inflation and have a "spend now" consumption pattern.

The third segment is working wives. The population of this group is growing very fast. Often, the wife's income is thought of as extra income. It is up to the marine industry to capture these new markets.

Boats run on credit and BIA publishes a newsletter specifically for banks.* It provides loan officers with information supporting boat financing as a good investment with a low repossession rate.

*If you wish to have your bank placed on the newsletter mailing list, write to: Boating Industries Association, 401 N. Michigan Avenue, Chicago, Illinois 60611.

Product liability is a problem area of growing concern. Claims against marine manufacturers are increasing and occasionally dealers are brought in as second parties. BIA is working to reduce liability exposure through educational workshops. Other areas of assistance include aiding manufacturers in up-grading problem products, helping manufacturers to defend themselves in the courts and working for a statute of limitations on the liability period.

Energy problems are still with us and could be a real problem area with the new administration. The boating industry is job-intensive in relation to the amount of energy used. The amount of gasoline used by recreational boaters is one half of one percent of total gasoline consumption, equaling only one-half a tankful of gasoline for all United States automobiles. If rationing gasoline becomes necessary the industry hopes that the price system will be used. This is preferable to bureaucratic decisions that recreational boating is not a high priority use and, therefore, should not be allowed. The decision on how to use the gasoline should be made by the consumer.

Standards For the Marine Industry

Capt. Jack Coulter
Chief, Boating Technical Division
United States Coast Guard

"Safe boating needs our attention and not just the attention of the federal government but also the people in the industry."

With the increase in boating after World War II came a corresponding growth in boating accidents. In 1958 the Coast Guard was given authority to require reports on all accidents resulting in bodily injury or property damage. By the mid 1960's the Coast Guard had enough data to know that recreational boating was a dangerous pass time. In fact, by 1971, when the Federal Boating Safety Act was passed, recreational boating ranked second to the automobile as a dangerous form of transportation. Prior to the Act, voluntary standards were in effect but were found to be insufficient by the Coast Guard.

The Federal Boating and Safety Act allowed the Coast Guard to:

- control the conditions of boat use by setting standards for the operator.
- require certain minimum pieces of safety equipment.
- require states to develop a certain degree of uniformity in boating standards to aid boaters who travel interstate.

- establish a 21-member National Boating Safety Advisory Council. (The Coast Guard must demonstrate the need for any boating regulations to this council.)

Under the Act, standards must be based on research and must show a positive benefit-to-cost ratio. They do not apply to all boats, but only to those with a history of problems. Ninety-six percent of boating accidents involve outboard boats of less than 20 feet. Therefore, it is likely that many future standards will apply to this group.

Current Coast Guard standards apply to safe loading, basic flotation, horsepower ratings, fuel systems, electrical systems and flotation. Basic flotation standards have been increased to require level flotation.

Windshield glare at night has been a problem and the Coast Guard is currently working on maximum light level standards for nighttime use. In the future there will also be a standard on ventilation. Because most fires occur soon after fueling while the boat is still at the dock, a standard on power ventilation systems might be expected.

Marine Industry Responsibilities to the Consumer

Neil W. Ross
University of Rhode Island
Marine Advisory Service

"The consumer is the future of recreational boating. What he does, where he goes and how he goes it is going to influence what your business is like."

Because the marine industry is organized and consumers are not, the industry becomes the spokesman for consumers whether they like it or not.

A problem of the boating industry has been the term "yachting." This conjures an air of arrogance and when politicians make decisions for recreation, boating loses out. Often, politicians think that everyone who owns a boat has an income in excess of \$30,000 dollars. This is not necessarily true. According to a study recently conducted in Rhode Island there is no relationship between a person's income and the size of his boat. The industry should try to dispel this image because it works against it.

It is time to lay the environmental issue aside. The facts are that the industry does not destroy the environment. Recreational boating and marinas alter the environment and what is important is the degree to which they alter the environment. A study of an 800-boat harbor in Rhode Island found a higher level of hydro-

carbons in the water during the winter, when there is little boating activity, than during the summer. The reason is that the environment is able to consume, digest, and absorb pollution at a much higher rate in summer.

The industry does need to clean up its facilities, however, it is good business in the long run to have a clean and neat facility. It is amazing what a few geraniums can do for your image. A good deal of opposition to marina development expansion may be linked more to "the good neighbor" ethic than to environmental problems.

Presentations in the afternoon session were made by representatives of Minnesota's Department of Natural Resources (DNR), Pollution Control Agency (PCA), Department of Labor and Industry, and Environmental Quality Council (EQC), as well as the U. S. Army Corps of Engineers. Representatives explained permit regulations and procedures of their agencies.

Minnesota Regulations and Permits

Joe Sizer
Director for Environmental Planning
Minnesota State Planning Agency

"The Permit Coordination Unit is to assist developers in obtaining the necessary permits to get a project completed."

A new program of major importance is Minnesota's Permit Coordination Unit of EQC. This is a new structure established by the legislature in 1976 to assist a developer in obtaining necessary permits for a project.*

Under the new system, after local regulations are met and the Environmental Impact Statement question is satisfied, the developer will go to the Permit Coordination Unit with a master plan. The Unit will assist the developer by circulating the master plan to the proper agencies. The agencies will respond (a maximum time limit is imposed) and indicate whether or not a permit and/or hearing is required. If required, the Unit will coordinate a single hearing. The entire process, which is voluntary, may still take up to 200 days. However, time and frustration will be saved by having the Unit guide the developer through the agency maze.

*The Minnesota Permit Coordination Unit became operational on June 20, 1977. For assistance, contact the Unit at 106 Capitol Square Building, 555 Cedar St., St. Paul, MN. 55101, (612) 296-8540.

The 1977 Minnesota Legislature and the Marine Industry

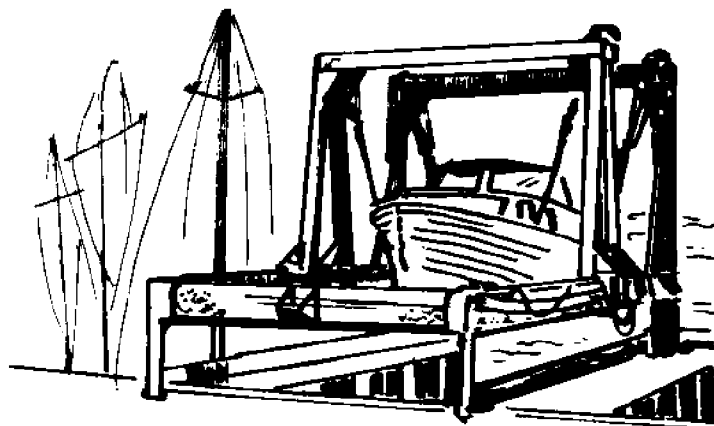
E. W. Elmer
Executive Secretary
North Central Marine Assoc.

"Many bills which affect the marine industry are being adopted by the legislature. I urge marina owners and boat dealers to maintain an active role with their legislators."

In this session dozens of bills then before the Minnesota Legislature were discussed. The North Central Marine Association represents a major segment of the upper Midwest marine industry and works to protect its interests. The legislation discussed included bills to increase registration fees for recreational boats,* a sales tax on boat sales, banning sensing and display devices for fishing and product liability and limitation. (Those wishing to up-to-date information on these bills should contact Mr. Elmer.)

CONCLUSION

The response from those who attended the conference indicated a most educational day. Following a formal evaluation of the conference the sponsors will consider additional conferences for the future. We have presented here only the highlights of Minnesota's first marine industry conference. For those who would like more details, cassette tapes of the conference may be borrowed from the Minnesota Marine Advisory Service, 325 Administration Building, University of Minnesota, Duluth, Duluth, MN. 55812.



*This bill never reached the floor.

Program Participants

Capt. Jack Coulter, chief, Boating Technical Division, U.S. Coast Guard, Washington, D.C.

Bud Crewdson, extension economist in business development, University of Minnesota, St. Paul.

E. W. Elmer, executive secretary, North Central Marine Association, Minneapolis, MN.

Major Walter Heme, deputy district engineer, U. S. Army Corps of Engineer, St. Paul, MN.

Richard Meronuck, program coordinator, Office of Special Programs, University of Minnesota, St. Paul.

James Murray, area extension agent-marine recreation, Minnesota Marine Advisory Service, University of Minnesota, Duluth.

Jeff W. Napier, general counsel, Boating Industries Association and Executive Secretary, Boat Manufacturers Association, Chicago, IL.

Neil W. Ross, marine extension specialist, Rhode Island Marine Advisory Service, University of Rhode Island, Narragansett Bay, RI.

Ivan W. Russell, director, OSHA Division, Department of Labor and Industry, St. Paul, MN.

Barry Schade, asst. director, Water Quality Division, Minnesota Pollution Control Agency, Roseville, MN.

Gerald Seinwill, director, Division of Water, Minnesota Department of Natural Resources, St. Paul, MN.

Joe Sizer, director of environmental planning, Minnesota State Planning Agency, St. Paul, MN.

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