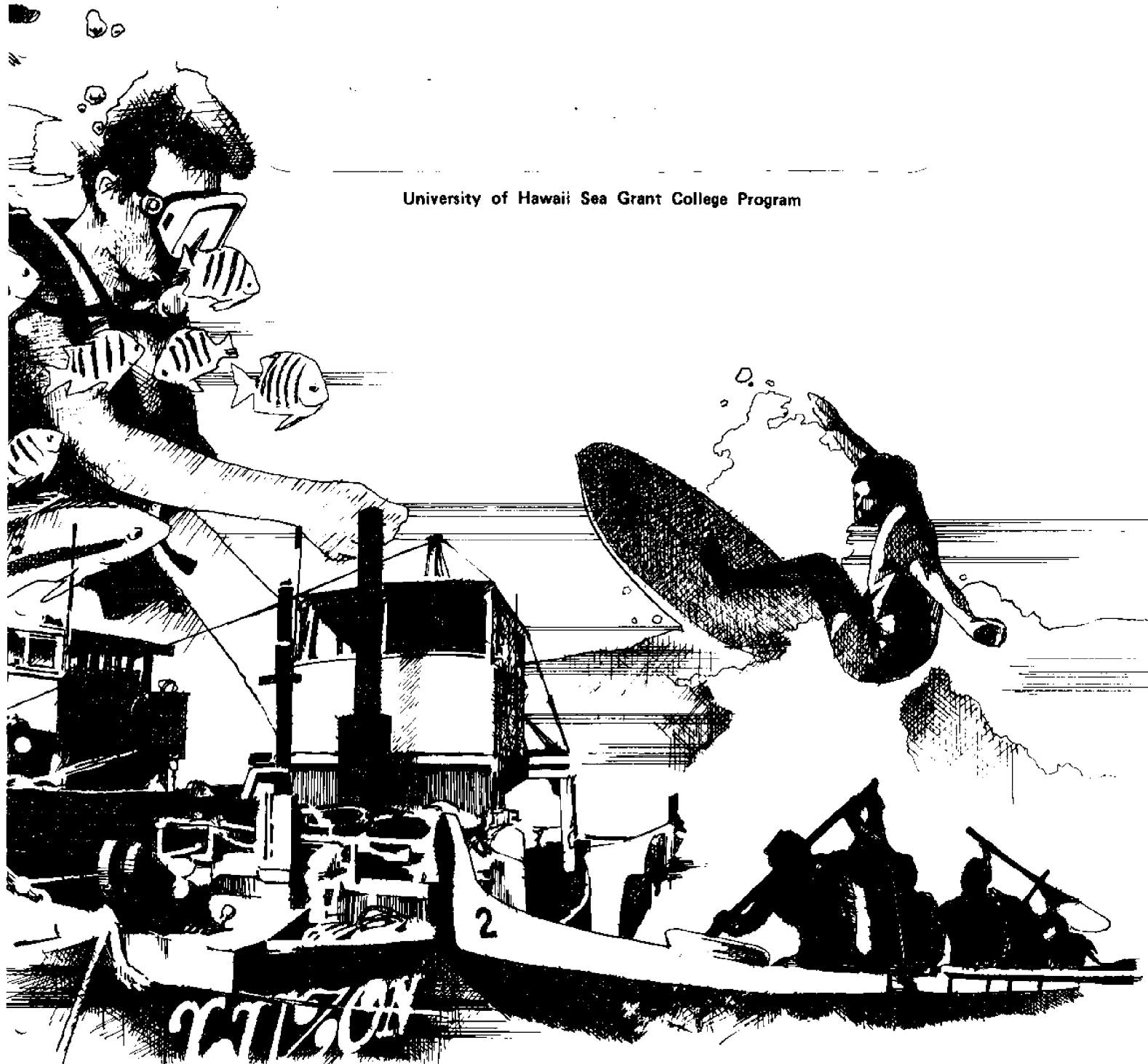


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YACHT RACING EXPENDITURES IN HAWAII

Mike Markrich

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ABSTRACT

Yacht racing expenditures in Hawaii amount to almost \$20 million every 2 years. The three levels of yacht racing include: three long-distance races, which originate in British Columbia, San Francisco, and Los Angeles and end in Hawaii; international racing competitions held in Hawaiian waters; and weekend regattas and invitational races held by local yacht clubs.

A large number of Hawaii businesses were identified which benefit directly from yacht races and associated activities. The large races draw thousands of people to Hawaii and have an impact on the state's economy. The economic impact is similar to that of a series of conventions attended by upper-income level individuals from outside the state. The smaller race series draw fewer participants and visitors but still have a significant impact on the state's economy.

A brief history of yacht racing in Hawaii provided by Ken Morrison, executive director of the Royal Hawaiian Ocean Racing Club, is included as an introduction to this report.

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A HISTORY OF YACHT RACING IN HAWAII

by

Ken Morrison
Executive Director
Royal Hawaiian Ocean Racing Club

The roots of yacht racing in Hawaii can be traced back to King Kamehameha IV; however, the Hawaiian monarch most closely related to the sport was King David Kalakaua. King Kalakaua was actively involved in the racing activities of the Pearl Harbor Yacht Club. Today one King Kalakaua trophy is still being awarded for active competition in Hawaii. It is presented to the winner of the biennial Transpacific Yacht Race. Another King Kalakaua trophy is currently being restored as a prize for local races.

Major ocean racing with Hawaii as the destination point began in 1906, when the first Transpacific Yacht Race from Los Angeles to Honolulu was held. During the time that the Transpac was evolving as a long-distance event, local racing centered around the smaller, one-design boat classes conducted by the Pearl Harbor Yacht Club and Hawaii Yacht Clubs. However, yacht racing was suspended for security and safety reasons during World War II. Following the war, a period of redevelopment occurred. The former Pearl Harbor Yacht Club became the Waikiki Yacht Club, and the Ala Wai Boat Harbor area became the main hub of racing in Hawaii.

During the 25 years following the war, competitive racing continued among the smaller, one-design boat classes, while the major ocean racing event continued to be the biennial Transpacific Yacht Race. In 1965, the Transpac was joined by the Victoria-Maui race from British Columbia to Lahaina. Both were point-to-point races, with Hawaii being the only destination point renowned for its grand aloha parties upon arrival of the participating yacht sailers.

It was not until 1972, when the Waikiki Yacht Club established the Royal Hawaiian Cup Around the State Race, that Hawaii became known for having the finest ocean racing conditions in the world. This acclaim spread rapidly through Oceania as a number of top yacht sailers from Australia made an annual trek to Hawaii to charter boats to participate in this event, the only race "around an entire state." In 1977, one of the Australians saw the potential for developing a race series in Hawaii patterned after the world-famous Admiral's Cup in England, which had become the most prestigious ocean racing event in the world following the end of World War II. A year later the Clipper Cup Yacht Series was established. It was organized by the Waikiki Yacht Club and sponsored by Pan American World Airways.

The growth of the biennial Clipper Cup Yacht Series was phenomenal in terms of ocean racing; it grew from a fleet of 42 yachts in 1978 representing 6 Pacific basin countries to 80 yachts in 1982 representing 11 countries from around the world. In 1986, more than 80 yachts with over 1,500 crew members representing over 14 countries are expected to merge on Honolulu during July and August for this event. The Clipper Cup was renamed the Hawaii International Ocean Racing Series in 1985 when Pan Am terminated their sponsorship as a result of selling their Pacific division to United Airlines. The race is known as the Kenwood Cup at present and is now rivalling the Admiral's Cup for position as the premier ocean racing event in the world today.

In addition to the crew members, more than 3,000 visitors are expected to travel to Hawaii in July and August to participate as supporters and spectators. It is estimated that this event will generate up to \$15 million in revenues for the state of Hawaii during the 2-month period.

The meteoric rise of the Kenwood Cup Hawaii International Ocean Racing Series is due to three factors. First, during the summer, Hawaii has equable wind and sea conditions with warm water and air temperatures. Second, the Hawaiian hosts provide the aloha spirit to the visitors from every major sailing country in the world during the series. Third, the Waikiki Yacht Club uses race management techniques and race courses that meet international grand prix competition standards. In 1983, the Waikiki Yacht Club received the coveted St. Petersburg Yacht Club Trophy. This trophy is presented each year by the United States Yacht Racing Union to the yacht club chosen for organizing and conducting the best yacht race in the country in terms of race management as judged by the competitors.

Hawaii is currently involved in the challenge to win back the America's Cup for the United States. The America's Cup was originally won in a competition in England in 1851 by the yacht America. It was then successfully defended by the United States for 132 years, making it the longest held trophy by a single country in the history of sports. In 1983, the 132-year winning streak was broken when the yacht Australia II won the cup. Currently, six American racing syndicates, with contributions amounting to more than \$50 million, are preparing for the challenge to win back the cup in February 1987. One of these groups is the Sail America Foundation which selected Hawaii as the major training and testing location for their yachts and crews which are preparing for the challenge to be held in Perth, Western Australia, during 1987. The excellent cooperation provided by the state of Hawaii in permitting the use of the University of Hawaii marine facilities at Snug Harbor has provided a logistical base for these efforts and could be the key to success in the United States' effort to "win back the cup."

Yacht racing in Hawaii has grown significantly since the days of King Kamehameha IV. In the case of the Hawaii

International Ocean Racing Series, its growth has been so large so rapidly that a new organization, the Royal Hawaiian Ocean Racing Club, was formed specifically to conduct the series. The support of not only the yacht racing community, but the entire population of Hawaii is needed for the continued growth of this and other major yacht racing events. Expenditures from such events generate significant revenues for our state.

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INTRODUCTION

A survey was conducted in 1985 on yacht racing expenditures in Hawaii. The objectives of the survey were (1) to provide a description of yacht racing as it occurs in Hawaii at the present time and assess its economic impact, (2) to provide a breakdown of the types and levels of expenditures associated with yacht racing, (3) to examine the impact of the sport on the growth of yacht-related service industries, and (4) to examine the problems faced by yacht race organizers.

Information was obtained by surveying 20 Honolulu and neighbor island yacht race organizers and managers. Interviews were conducted in person and by telephone over a 6-month period in 1985. Interviews were also conducted with owners and employees of Hawaii's sailmaking shops, marine instrument repair shops, boatyards, and other businesses that provide yacht or race-related services.

Hawaii has several levels of yacht racing, all of which have distinct and measurable effects on the economy. The races can be classified as (1) long-distance races that end in Hawaii, (2) international racing competitions held in Hawaiian waters, and (3) weekend regattas and invitational races held by local yacht clubs.

Three long-distance races end in Hawaii. Two of them -- the Victoria, British Columbia to Lahaina, Maui Yacht Race and the Pacific Cup from San Francisco Bay to Nawiliwili, Kauai -- are held during even-numbered years. The third, the Transpacific Yacht Race from Los Angeles to Honolulu, is held during odd-numbered years.

In addition, Hawaii serves as host to the international Kenwood Cup (every 2 years), the Pan Pacific 16-foot racing championship (every 2 years), the Cal 20 Nationals (every 4 or 5 years), the Tornado World Championship (every 7 years) and the Hobie World Championships (every 7 years). Except for the Kenwood Cup, these are smaller-class boat races. Since they are held sporadically, it is not possible to fully determine the extent of their economic impact. Therefore, the expenditures related to these smaller events are not included in this report.

The Victoria-Maui and the Pacific Cup races take place before the international Kenwood Cup in even-numbered years and have become "feeders" that bring mainland-based yachts to Hawaii. These point-to-point races enable some yachting enthusiasts wishing to compete in Hawaii, but who are reluctant to make the voyage alone, to travel here in organized groups.

METHOD OF DETERMINING RACING EXPENDITURES

Yacht racing expenditures in Hawaii can be broken down into two categories. Direct expenditures are those monies spent on

race administration, yacht maintenance, food, lodging, and special activities such as a banquet. Indirect expenditures are the ancillary ones and are derived by using the standard entertainment multiplier (.74). They reflect the secondary and tertiary expenditure effects that the yacht races have on the state's economy.

Information on expenditures in this report was provided by Hawaii's yacht racing organizers and managers. Among the information provided were the lists of relevant expenditure items and estimates of race costs and participation. The organizers and managers of the races which ended or which occurred in Hawaii were asked to provide information only on expenditures, including administrative and maintenance costs, which occurred in Hawaii. If exact figures were not available, they were asked to estimate as closely as possible what percentage of the costs were spent in the state. The yacht race organizers also helped to develop the criteria necessary to apportion those items for which the expenditures were only partially made in Hawaii.

Yacht delivery services to the U.S. mainland and Australia involve 90 percent of all the boats coming to Hawaii; however, the race organizers estimated that only 25 percent of the total number involve Hawaii-based crews.

DESTINATION RACES

Transpacific Yacht Race

The oldest of the races, the Transpacific Yacht Race, was started in 1906. It attracts an average of 68 large yachts during each year of competition, with an average of 10 crew members on board each yacht. The expenditure items and their respective costs for this race are shown in Table 1. Direct expenditures include \$15,178 spent on administrative costs, \$258,734 spent in Honolulu on yacht services (including the approximately \$500 spent on receptions for each group of competitors upon their arrival in Honolulu), and the approximately \$1,085,000 spent by the participants, their families, and friends remaining in Hawaii after the race.

The estimate of the expenditures of race participants is based on the following assumptions: (1) 80 percent of the 680 crew members, or 544 crew members, remain in Hawaii after the race for an average of 7 days; (2) each crew member who remains is accompanied by an average of 1.85 family members or associates; and (3) each spends \$100 per day over the 7-day period. This would make a total of 1,550 persons in Hawaii for 7 days. Based on these assumptions, people who come for the Transpac spend \$1,085,000 in Hawaii every other year (1,550 x 7 x \$100). Adding these visitor expenditures to the costs for administrative and yacht services gives a total of \$1,358,912 in direct

TABLE 1. TRANSPACIFIC YACHT RACE EXPENDITURES

Administrative Costs		
Rent	\$ 1,150	
Maintenance	100	
Press	500	
Dock Fees	500	
Timers	500	
Plotting	75	
Hospitality	1,700	
Committee Boats and Paid Staff	1,200	
Telephone	2,500	
Electricity	200	
Insurance	800	
Real Property Tax	453	
Office Supplies	500	
Trophies	5,000	
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Subtotal		\$ 15,178
Yacht Services		
Provisions*	\$102,000	
Electronics Repair	3,500	
Refrigeration Repair	2,000	
Yacht Delivery†	76,250	
Fuel Expenditure	5,984	
Sail Repair	35,000	
Yacht Reception‡	34,000	
	<hr/>	
Subtotal		\$ 258,734
Miscellaneous Expenditures		
544 Crew Members‡	\$380,800	
1,006 Family Members and Associates‡	704,200	
	<hr/>	
Subtotal		<u>\$1,085,000</u>
Total Direct Expenditures		\$1,358,912
Total Indirect Expenditures‡		<u>\$1,005,595</u>
Grand Total		\$2,364,507

Note: Based on estimates by race organizers

*Based on expenditures of \$1,500 per boat for provisions (\$1,500 x 68 = \$102,000)

†Ninety percent of the 68 yachts participating in the Transpac make use of a yacht delivery service which costs approximately \$5,000 for the trip (61 x \$5,000 = \$305,000); 25 percent of the companies involved in this service are Hawaii-based (.25 x \$305,000 = \$76,250)

‡Based on costs of \$500 per boat for 68 yachts

‡\$100 per day over a 7-day period

‡Total direct expenditures x .74

expenditures. Adding this figure to \$1,005,595 in indirect expenditures bring the total to \$2,364,507 for each year of competition.

Victoria-Maui Race

The Victoria-Maui race has been in existence since 1965. It attracts an average of 25 entrants, with an average crew of 12. Approximately 50 percent of the entrants in the 1984 race were from Canada. Expenditures for this race include: \$12,200 for administrative costs; \$97,325 for yacht services; and \$1,176,000 by race participants and their families and associates. These amounts total \$1,285,525 in direct expenditures. Adding this figure to \$951,289 in indirect expenditures brings the total to \$2,236,814 (Table 2).

Kenwood Cup Hawaii International Ocean Racing Series

The Kenwood Cup Hawaii International Ocean Racing Series (formerly known as the Pan Am Clipper Cup), first started in 1978 by the Waikiki Yacht Club, was one of the first successful commercially sponsored international ocean racing event held in the United States. Since that time, commercial (rather than private club) sponsorship of such events has become popular throughout the United States. The popularity and reputation of the Kenwood Cup series have grown to the point where it is now considered one of the world's major ocean racing events.

At present, the race series attracts an average of 80 yachts with a total crew complement of approximately 1,200 individuals. The yacht sizes range from "maxi"-class vessels, 70 feet or longer, to smaller vessels under 40 feet. The entrants come to Hawaii from Australia, New Zealand, Japan, Hong Kong, Singapore, Europe, and the U.S. mainland. It is estimated that the approximately 1,200 crew members bring along 3,000 family members and associates (based on yacht club and promoter estimates). Expenditures vary (Table 3), but it is estimated that each crew member spends an average of \$75 per day on food, lodging, and entertainment over the approximately 21-day period they stay in Hawaii for the race. They are believed to spend less per day than the destination racers because they are in Hawaii for a longer period of time and because most are of limited means. The friends and family members of the racers stay an average of 14 days, spending an estimated average of \$100 per day. The direct and indirect expenditures for this group total \$6,090,000.

In the 1984 series, additional expenditures were made as follows: \$606,850 for administration costs and \$926,420 for yacht services (Table 3). If these expenditures are added to those of the crew members and dependents, direct expenditures for the race series can be calculated as \$7,623,270. An additional \$5,641,220 in indirect expenditures would bring the total amount to \$13,264,490 for the race series.

TABLE 2. VICTORIA-MAUI RACE EXPENDITURES

Administrative Costs		
Finish Line	\$ 1,350	
Communications	1,000	
Trophies	3,300	
Office/Telephone Costs, etc.	1,500	
Escort Boats	1,500	
Greeters	1,000	
Information	80	
Harbor Expenditures	770	
Publicity	700	
Comps	350	
Miscellaneous	650	
Subtotal		\$ 12,200
Yacht Services		
Provisions*	\$ 50,000	
Electronics Repair	1,500	
Refrigeration Repair	500	
Yacht Delivery†	28,125	
Fuel Expenditure	2,200	
Sail Repair	15,000	
Subtotal		\$ 97,325
Miscellaneous Expenditures		
240 Crew Members§	\$336,000	
600 Family Members and Associates§	840,000	
Subtotal		<u>\$1,176,000</u>
Total Direct Expenditures		\$1,285,525
Total Indirect Expenditures		<u>\$ 951,289</u>
Grand Total		<u>\$2,236,814</u>

Note: Based on estimates by race organizers

*Based on expenditures of \$2,000 per boat by 25 yachts

†Based on 25 percent of the total \$112,500 spent on yacht delivery

§Based on 80 percent of the crew and associates remaining in Hawaii for 14 days with expenditures of \$100 per day

||Total direct expenditures x .74

TABLE 3. KENWOOD CUP HAWAII INTERNATIONAL OCEAN RACING
SERIES EXPENDITURES

Administrative Costs*		
Rent	—	
Maintenance	—	
Press	—	
Dock Fees	—	
Timers	—	
Plotting	—	
Hospitality	—	
Committee Boats	—	
Paid Staff	—	
Advertising	—	
Finance Charges	—	
Subtotal		\$ 606,850
Yacht Services†		
Provisions‡	\$ 270,000	
Electronics	100,000	
Refrigeration Repair	8,000	
Containerization¶	310,500	
Yacht Delivery‡	75,000	
Fuel	7,920	
Sail Repair	120,000	
Boat Surveys	35,000	
Subtotal		\$ 926,420
Miscellaneous Expenditures		
1,200 Crew Members**	\$1,890,000	
3,000 Family Members and Associates††	4,200,000	
Subtotal		<u>\$ 6,090,000</u>
Total Direct Expenditures		\$ 7,623,270
Total Indirect Expenditures§§		<u>\$ 5,641,220</u>
Grand Total		<u>\$13,264,490</u>

Note: Based on estimates of race organizers

*Breakdown of costs not available for publication; total amount based on 1984 expenditures

†Figures based on 1984 expenditures

‡Based on an average of 90 yachts buying \$3,000 worth of provisions each while in Hawaii

¶Represents 30 percent of the approximately \$1,035,000 spent on containerization and shipping by 46 of the yachts in the race (containerization costs are approximately \$15,000 one way; 23 of the vessels containerized both ways)

‡Represents 25 percent of the approximately \$300,000 spent on yacht deliveries after the race (90 yachts - 23 yachts = 67 yachts; .90 x 67 = ~60 yachts; 60 x \$5,000 = \$300,000)

**\$75 per day for 21 days

††\$100 per day for 14 days

§§Total direct expenditures x .74

Pacific Cup

The Pacific Cup race from Balena Bay Yacht Club in San Francisco to the Nawiliwili Yacht Club on the island of Kauai is the newest of the destination races. Participation in the race has fluctuated since the event was first started in 1980 (40 yachts were entered in both the 1980 and 1982 races, but only 17 were entered in the 1984 race). Despite the low participation in 1984, race organizers in California have indicated that they are confident of the race's future and report that they have budgeted \$176,000 in administrative costs for the 1986 race. It remains an important feeder event to the Kenwood Cup race.

Estimated direct expenditures for the Pacific Cup race are shown in Table 4. In 1984, approximately \$5,000 of the \$48,000 total budgeted for administrative costs for the race was spent in Hawaii. Direct expenditures for yacht services totaled \$62,346. Other direct expenditures included \$532,000 for participants and their family members and associates who chose to stay in Hawaii and vacation after the race. In all, direct expenditures totaled \$599,346. Added to the total for indirect expenditures of \$433,516 gives a total of \$1,042,862 to the state every other year.

Summary of expenditures for four destination races

A summary of estimated total expenditures for the Transpac, Victoria-Maui Race, Kenwood Cup Hawaii International Ocean Racing Series, and the Pacific Cup race held in 1984 and 1985 is given in Table 5. Almost 90 percent of the total is spent in Hawaii.

LOCAL WEEKEND RACES

Background and events

Locally organized yacht races play an important role in the development of the organizational infrastructure to complement the large yacht races. Races are held near or around seven of Hawaii's major islands. These races are organized by the Honolulu-based Hawaii Yacht Racing Association (HYRA) as well as by individual island yacht clubs. The costs of the races are borne by yacht club members and yacht racing participants.

At present, HYRA and Oahu's seven yacht clubs race on about 87 days per year. Approximately 52 yachts compete regularly in the events, with an average of 10 to 15 yachts participating in about 25 races per year. This number is said to be down from 10 years ago, apparently because of the increased costs.

Neighbor island yacht races occur less frequently. Three HYRA and 24 locally sanctioned races take place each year off Maui, 3 off Kauai, and 8 off the Big Island. The smaller number of races occurring on the neighbor islands is reflected in the

TABLE 4. PACIFIC CUP YACHT RACE EXPENDITURES

Administrative Costs*		
Rent	—	
Maintenance	—	
Press	—	
Dock Fees	—	
Timers	—	
Plotting	—	
Hospitality	—	
Committee Boats	—	
Staff	—	
Telephone	—	
Advertising	—	
Electricity	—	
Real Property Tax	—	
Office Supplies	—	
Trophies	—	
Subtotal		\$ 5,000
Yacht Services		
Provisions†	\$ 34,000	
Electronics Repair	800	
Refrigeration Repair	300	
Yacht Delivery‡	18,750	
Fuel Expenditure	1,496	
Sail Repair	7,000	
Subtotal		\$ 62,346
Miscellaneous Expenditures		
190 Crew Members¶	\$266,000	
190 Family Members and Associates¶	266,000	
Subtotal		\$ 532,000
Total Direct Expenditures		\$ 599,346
Total Indirect Expenditures‡		\$ 443,516
Grand Total		\$1,042,862

Note: Based on interviews with race organizers

*Approximately 10 percent of the \$48,000 spent on the race

†Based on provision expenditures of \$2,000 per yacht for 17 yachts

‡Based on 25 percent of the total spent on delivery

¶Based on \$100 a day being spent over a 14-day period

#Total direct expenditures x .74

TABLE 5. ESTIMATED TOTAL EXPENDITURES IN HAWAII OF FOUR DESTINATION RACES HELD IN 1984 AND 1985

Victoria-Maui (1984)	\$ 2,236,814
Pacific Cup (1984)	1,042,862
Kenwood Cup (1984)	13,264,490
Transpac (1985)	2,364,507
Total	\$18,908,673

size of their racing fleets. Approximately 12 yachts compete regularly off Maui, 6 off Kauai, and 10 off the Big Island.

Conducting these races provides valuable experience which can be used when holding large international races. This is because the smaller races give organizers the opportunity to train their staffs in the handling of the races. It also provides means by which local yacht racing judges can gain international experience.

Expenditures

For each race, approximately \$175 to \$200 is required for administrative costs to cover items as the race committee boat, fuel, materials for the race committee, and trophies. The annual budget for the race committees varies.

For each race, yacht owner costs total approximately \$50 for food and beverages, fuel, entry fee, and vessel maintenance (Table 6). Assuming that each of the estimated 52 participating Oahu-based yachts race an average of 25 times per year, the annual expenditure for the group as a whole would equal \$65,000. Expenditures for races on the neighbor islands are estimated as follows: Maui, 25 yachts racing 10 times per year = \$12,500; the Big Island, 10 yachts racing 8 times a year = \$4,000; and Kauai, 6 yachts racing 3 times per year = \$900. The total estimated statewide expenditures for yacht owners is thus \$82,400 annually.

TABLE 6. REPRESENTATIVE COSTS FOR A YACHT OWNER PARTICIPATING IN A HONOLULU YACHT RACE

Food and Beverages	\$20
Fuel	2
Entry Fee	10
Vessel Maintenance	18
Total	\$50

In addition to these expenditures, each of the yacht owners spends between \$2,000 and \$12,000 annually on race-related costs such as new equipment, replacement of parts, repairs, and annual haulouts. The median is approximately \$5,000, the amount spent by a "Hawkfarm" ocean racing yacht owner (Table 7).

TABLE 7. ESTIMATED ANNUAL EXPENDITURE OF A HAWAII "HAWKFARM" YACHT OWNER

Item	Expenditure
Yacht Club Membership*	\$ 780
Sail Repair†	350
Rigging Repair, Jib and Spinnaker Sheet Replacement‡	200
Breakage and/or Loss of Hardware (Pulleys, Winches, etc.)	100
Slip Rental	1,000
Engine Maintenance	300
Odd Incidental Expenses (Soap, Wax, etc.)	50
Annual Haulout	500
Insurance	1,000
Food for Crew (12 Races)	500
Total	\$4,780

*In addition to an initiation fee of \$1,200

†Replaced every 5 years at a cost of \$2,000

‡Replaced every 5 years at a cost of \$1,200

YACHTING-RELATED SERVICES

Although local yacht cruising and racing provide most of the year-round business of local sail and yachting shops, the large invitational races often determine the extent of the financial success of these firms. Some of the smaller industries, such as those which involve sailmaking and rigging, especially depend on the yacht racers to make their business year a success. Two of the largest Honolulu sail shops indicated that a 300 percent rise in income occurred during the 3-week period of the 1984 Kenwood Cup. A list of service-related expenditures is presented in Table 8 to show some of the impact yacht racing has on local businesses.

The number of races and level of competition determine the level of yacht services in Honolulu. The actual money spent on yacht maintenance and repairs depends upon wind and weather conditions during a destination race or race series. If the weather is mild, then few repairs are needed upon the yacht's

TABLE 8. SERVICES PROVIDED TO VISITING YACHTS IN HAWAII

Type of Service	Transpac	Kenwood Cup	Victoria-Maui Race	Pacific Cup
Provisions*	\$102,000	\$270,000	\$50,000	\$34,000
Electronics Repair	3,500	100,000	1,500	800
Refrigerator Repair	2,000	8,000	500	300
Fuel†	5,984	7,920	2,200	1,496
Sail Repair	35,000	120,000	15,000	7,000
Yacht Delivery	76,250	75,000	28,125	18,750
Yacht Surveys	—	35,000	—	—
Subtotal	\$224,734	\$615,920	\$97,325	\$62,346
Total Expenditures		\$1,000,325		

*Provision estimates are based on the following assumptions:
 Transpac boats spent \$1,500 per boat on provisions, Kenwood Cup boats spent \$3,000 per boat, Victoria-Maui boats spent \$2,000 per boat, Pacific Cup boats spent \$2,000 per boat
 †Estimates based on an expenditure of \$88 per vessel

arrival. But if weather conditions during transit cause sails to rip and equipment to break, then the amount of services required of local businesses increases and more money is spent.

A survey of selected merchants at the Ala Moana Center indicated that yachting events have had considerable impact upon their sales. One manager of a clothing store estimated that his business increased from 10 to 15 percent during the 1984 race period, particularly on the sales of shorts, Hawaiian-print shirts, and boat shoes. This is because the races attract people from Australia, New Zealand, and Japan who shop for certain kinds of sportswear that are cheaper in Honolulu than in their native countries.

POTENTIAL PROBLEMS AND RECOMMENDATIONS

Yacht race organizers indicated that they were concerned about the lack of available berthing, bathroom, and other facilities near the Ala Wai Boat Harbor in Honolulu and at other harbors throughout the state. At present, these facilities are considered inadequate to meet the demands of the local weekly yacht races and are said to become severely strained during the Kenwood Cup and Transpac races.

It was strongly recommended that facilities in Honolulu and the neighbor islands be both expanded and upgraded. Among the projects recommended were an expansion of the turning basin on the Ewa shore of Ala Wai Boat Harbor, the redesign of the facility at Keehi Lagoon so it can accommodate more vessels, and the upgrading of facilities at Lahaina and Kona so that visiting yachts can moor at both locations.

Several of the yacht race promoters recommended that large-scale mooring facilities be built so that visiting racing and cruising yachts can be safely accommodated. They said that the construction of secure berthing facilities near the race area would provide further incentive for more ocean racing yachts to come to Hawaii. The promoters suggested that such berthing facilities be built by state agencies and/or private interest groups.

The organizers suggested that much of the pressure on existing facilities could be eased if already-committed state funds were released by the legislature and the following steps taken: (1) the completion of ongoing pier and breakwater projects in the Ala Wai Boat Harbor; (2) the incorporation of the new rules that would provide for more flexible berthing arrangements during peak race periods; and (3) the modification of present construction plans to (a) widen the planned pier from 4 to 6 feet, (b) extend the wharf along the entire length of the breakwater instead of only along half the length as currently planned, and (c) include a ramp area to provide ocean access through the pier to both surfers and fishermen.

Other recommendations include (1) the active promotion of yacht racing by the Hawaii Visitors Bureau, (2) the expansion and development of existing maintenance facilities at both the Ala Wai Boat Harbor and Keehi Lagoon, (3) efforts to ensure the long-term lease of two yacht clubs in the Ala Wai Boat Harbor (both are on state land), and (4) a resolution of the parking problems that occur near the clubs during the larger yacht races. (It is felt that, in their demands for parking, the races are similar to the running events and concerts that the City and County of Honolulu now handles routinely.)

In addition, the yacht race organizers felt they had an image problem of being a closed group of wealthy Caucasians. The organizers said that this image has hampered their efforts in explaining their needs to city and state agencies. While this may have been true a generation ago, it is no longer the case at the present time. To the contrary, memberships in the yacht clubs are as ethnically mixed as in other comparable institutions in Hawaii and most of the members are from the middle-class rather than from the upper class, although some wealthy people participate on the local level, particularly in ocean racing. But yacht race organizers said that most club members were middle-class individuals who spend no more on their hobbies than

do people of comparable incomes who own small pleasure boats or take annual vacations to Las Vegas.

In response to this image problem, yacht racing enthusiasts are making efforts to broaden the memberships of their clubs by holding sailing classes for children; these classes are open to the general public.

CONCLUSIONS

Large yacht races involve the visit of thousands of people to Hawaii and have an impact on the state's economy similar to that of a series of conventions of upper-income level individuals. At present, yacht racing accounts for expenditures of nearly \$20 million every 2 years. This large expenditure is partly because ocean racing involves higher costs than most other kinds of ocean sports. But it also reflects the higher-income level of international ocean racing enthusiasts.

Other areas throughout the world, such as Cowes in England and Sardinia in Italy, have used international yacht racing events to stimulate their tourist industry.

Hawaii has not yet developed its full potential as a yacht racing center. But since the success of the first Clipper Cup yacht race series, it has gained an international reputation as a desirable sailing location because of its temperate climate and strong tradewinds.

Hawaii has been successful in attracting world-class yacht racers. The selection of Hawaii as a training ground for the Sail American Foundation, which anticipates spending \$1.2 million during their 10-month stay in Hawaii to prepare for the 1987 America's Cup, is an example. However, the long-term ability of the state to develop its full potential as an international yacht racing center is limited by its lack of harbor facilities. Yacht racers complain that Hawaii does not have sufficient mooring spaces, public restroom facilities, and boat yard space that other popular yacht racing areas have. The improvement of Hawaii's yacht harbors could do much to improve the situation for international ocean yacht racing here, thereby providing a valuable source of revenue for the state.

APPENDIX

**SURVEY INSTRUMENT USED FOR
PERSONAL AND TELEPHONE INTERVIEWS**

Name of Event: _____

of Participants: _____ # of Crew: _____

of Spectators, etc.: _____

Prizes: Cash _____

Trophies _____

Goods _____

Costs: Insurance _____

Security _____

Food/water _____

Sanitation _____

Prizes _____

Set up _____

Personnel _____

Transportation _____

Electricity _____

Promotion _____

Permits _____

Trophies _____

Total Cost: _____

Revenue Sponsors:

Entry Fees _____

Spectators _____

Liquor _____

T-shirts _____

Estimated Profit or Loss: _____

Peripheral business brought into the state through the races:

Boat value: _____

Average crew: _____

Number of people who come to see the crew: _____

Average length of stay of dependents: _____

Boat Revenue Sources:

Engine repair, average per boat: _____

Sail repair per boat: _____

Provisions: _____

Fuel: _____

Recommendations to make job of promoters easier for state,
county, and city officials.