

## The Economic Impact of Coast Seafoods' Expansion Proposal in Humboldt County

Table 1 outlines the summary statistics of shellfish aquaculture production in the states of Washington, Oregon and California. Oysters account for the majority of aquaculture production in all three states.<sup>1</sup>

**Table 1. Summary Statistics**

	<b>WA</b>	<b>CA</b>	<b>OR</b>
Acres Reported	22,502	6,201	3,043
Farmed Acres Reported (%)	62%	12%	32%
Total State Acres	29,663	6,201	5,011
Employment	1,266	204	n/a
Revenues/Sales (\$)	90,296,206	25,856,668	9,313,300
Expenditures/Acre (\$)	4,880	1,912	n/a
Reported Production (lbs)	19,009,588	1,792,795	n/a

n/a = not available

There are sixteen commercial shellfish aquaculture growers in the state of California according to a survey conducted by Pacific Shellfish Institute (PSI) in 2012. PSI recently confirmed the industry landscape did not change much in the past five years. Figure 1 illustrates 7 out of California's 15 counties where commercial shellfish aquaculture takes place.<sup>2</sup>

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<sup>1</sup> Northern Economics, Inc. *The Economic Impact of Shellfish Aquaculture in Washington, Oregon and California*. Prepared for Pacific Shellfish Institute. April 2013.

The results of the study conducted by Northern Economics and Pacific Shellfish Institute in 2013 apply specifically to commercial shellfish growers. Wild and tribal harvest and shellfish bed restoration are not included.

<sup>2</sup> California Secretary of State's Office image.

Figure 1. California Counties with Shellfish Aquaculture Activity



Source: California Secretary of State's Office

Table 2 summarizes the reported commercially farmed and not-farmed acres by county. Both shellfish growers and seed producers are included. Coast Seafoods' aquaculture operations in Humboldt County are depicted in Table 3.

**Table 2. Reported Acreage by County**

<b>County</b>	<b>Reported Acres</b>	<b>Not Farmed Acres</b>	<b>Farmed Acres</b>	<b>Farmed Acres (%)</b>
Marin	1,413	1,071	342	24
Santa Barbara	70	35	35	50
San Luis Obispo	135	120	15	11
Humboldt	4,577	4,234	343	7
Other	6	0	6	100
<b>Total</b>	<b>6,201</b>	<b>5,460</b>	<b>740</b>	<b>12</b>

Source: Northern Economics, Inc. April 2013.

**Table 3. Coast Seafoods' Aquaculture Operations in Humboldt County**

	<b>Leased/Owned Acres</b>	<b>Not Farmed Acres</b>	<b>Farmed Acres</b>	<b>Farmed Acres (%)</b>
Owned by Coast	514	434	80	16
Leased from the Humboldt Harbor District	1,453	1,374	79	5
Leased from the City of Eureka	1,827	1,728	99	5
Leased from Karamu Corporation	515	474	41	8
<b>Total</b>	<b>4,309</b>	<b>4,010</b>	<b>299</b>	<b>7</b>

Only 12 percent of the permitted tidelands in California are under shellfish cultivation, compared to 62 percent in Washington State. Only 7 percent of the permitted tidelands in Humboldt County are under shellfish cultivation, far lower than in any other county in California where shellfish aquaculture takes place.

There are approximately 204 direct jobs generated by the commercial shellfish growers in California, compared to 1,266 in Washington. Out of 204 direct jobs in California, about 70 are generated by Coast Seafoods. This is equivalent to 35 percent of the California's shellfish aquaculture labor force. Assuming Coast Seafoods expands its production by utilizing 21 percent (instead of only 7 percent) of its permitted tidelands, at least 70 additional direct jobs will be added in California and more jobs will be added in South Bend, WA where some of the additional processing will most likely occur. The breakdown of firm size, as measured by employment, in California shellfish industry is shown in Table 4.

**Table 4. California Shellfish Industry Firm Size as Measured by Employment**

<b>Size of Business</b>	<b>Count of Firms</b>	<b>Percent of Total</b>
No Employment Reported	1	6
1 to 10 Employees	10	63
11 to 30 Employees	3	19
31 to 50 Employees	1	6
>50 Employees	1	6
<b>Total</b>	<b>16</b>	<b>100</b>

Source: Northern Economics, Inc. April 2013.

California shellfish aquaculture production data are gathered by the California Department of Fish and Wildlife. According to the state’s records, total production of oysters in 2014 was about 835,193 pounds in meat weight. Coast Seafoods harvested and processed about 316,258 pounds in meat weight, which is about 38 percent of the total 2014 oyster production in California.<sup>3</sup>

The total economic impact of proposed Coast’s production expansion is estimated by using acreage and expenditure data. Table 5 depicts the scale of operations in California in terms of expenditure.

**Table 5. Commercial Shellfish Growers Scale of Operations in California**

<b>Scale of Operations (Spending Levels)</b>	<b>Number of Growers</b>	<b>Percent</b>
Greater than \$10M	0	0
Between \$1 and \$10M	4	25
Between \$500K and \$1M	3	19
Between \$100K and \$500K	3	19
Between \$50 and \$100K	1	6
Less than \$50K	5	31
<b>Total</b>	<b>16</b>	<b>100</b>

Source: Northern Economics, Inc. April 2013.

The estimated cost of Coast’s production expansion is \$10.7 million, assuming 21 percent utilization of permitted tidelands and 5’ spacing between lines. This is almost equivalent to the total spending of California growers in 2011 (\$11.9 million).<sup>4</sup> The indirect and induced economic activity generated by Coast’s project investment of \$10.7 million is estimated by applying the economic multipliers developed by Northern Economics in 2013. Northern Economics and PSI implemented a major survey of shellfish growers in Washington, Oregon and California in 2012 and conducted an Input-Output (I-O) analysis to come up with the multipliers directly related to West Coast shellfish industry.

For every dollar spent on shellfish operations in California, a total of \$1.97 worth of economic activity is generated. Hence, \$10.7 million investment by Coast Seafoods generates \$21.1 million. For every \$1

<sup>3</sup> 1 dozen oysters is assumed to weigh 0.546 pounds (meat weight). 1 gallon of oyster meat is assumed equivalent to 1 bushel of shell-on-oysters; both weigh 8.75 pounds in meat weight.

<sup>4</sup> PSI survey data 2011.

million worth of spending, almost 24 jobs are generated. So for \$10.7 million worth of spending by Coast, almost 257 jobs are generated. If we were to include demand and supply factors (e.g. retail markets, seafood restaurants, tourism industry, etc.) and the effects of spending outside of Humboldt County (South Bend, WA for example), the economic impacts of Coast's proposed project would be even greater.