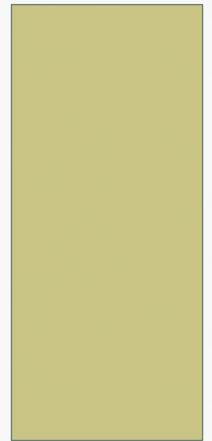


PORT OF EDMONDS CUSTOMER FUEL SURVEY

COMMISSION RETREAT: MARCH 1, 2016

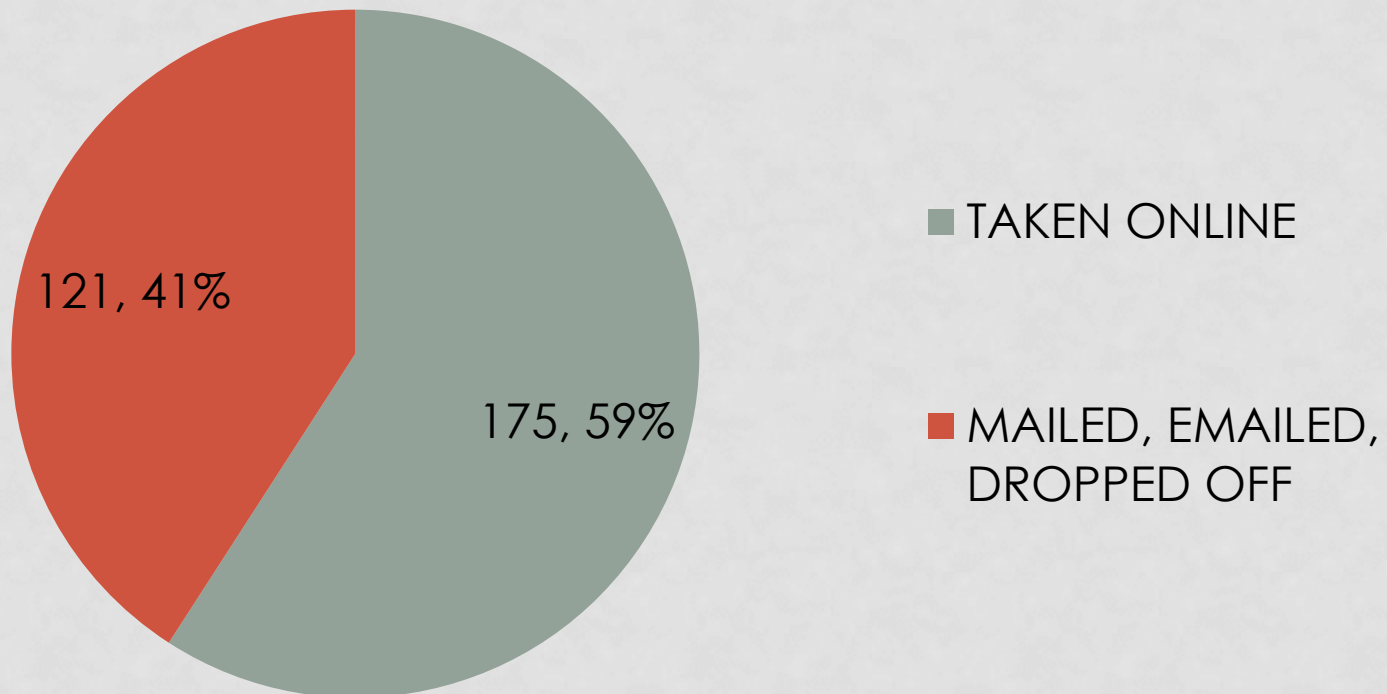


FUEL SURVEY OVERVIEW

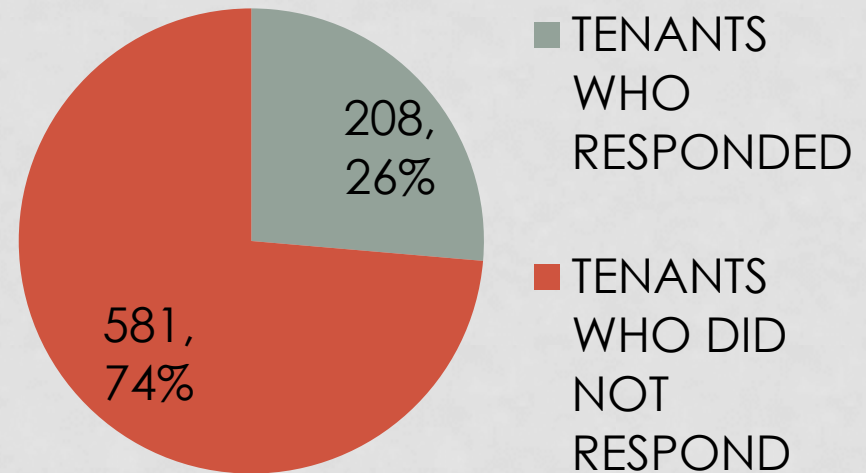
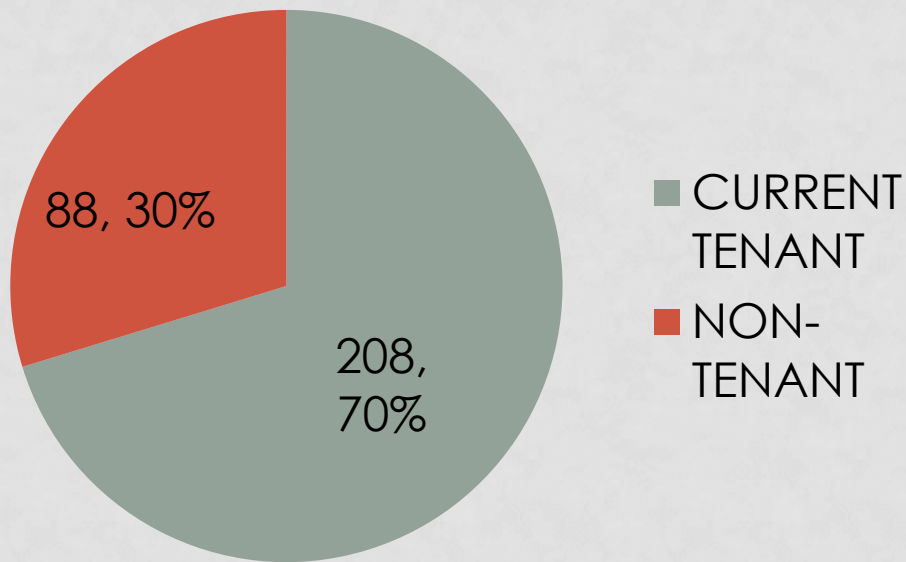
- Open from February 11, 2016 to February 29, 2016
- Distribution to Port tenants & customers:
 - Tenant Newsletter (146 subscribers, 21 used link in newsletter)
 - 400 copies in newsletter boxes on boardwalk
 - 100 copies in Marina Operations & Administration offices
 - Copies in February tenant statements:
 - Mailed: 789, 121 sent in survey from statements
 - Prominent link on front page of website
 - Puget Sound Anglers

FUEL SURVEY RESPONSES

Total Number of Responses: 296

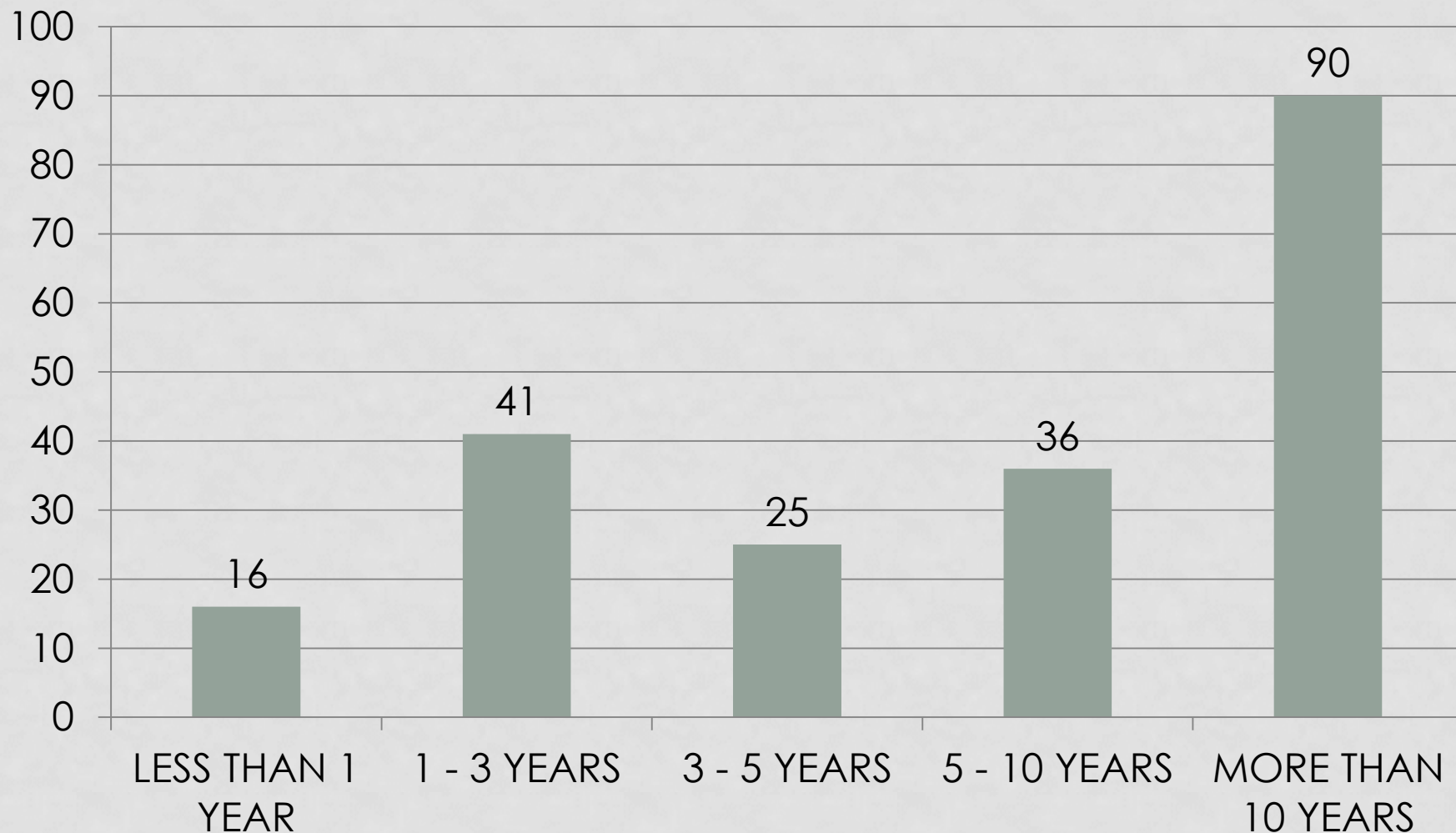


QUESTION 2: ARE YOU A CURRENT TENANT OF THE PORT OF EDMONDS?

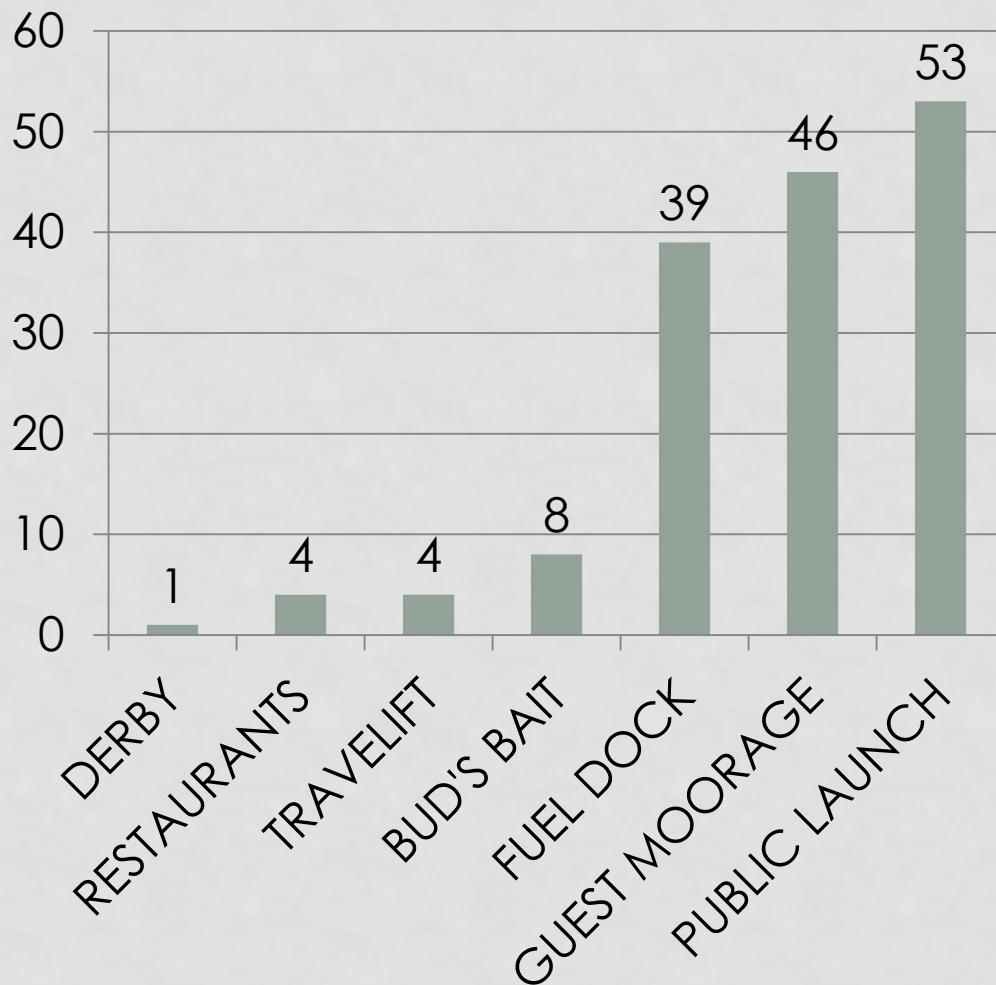
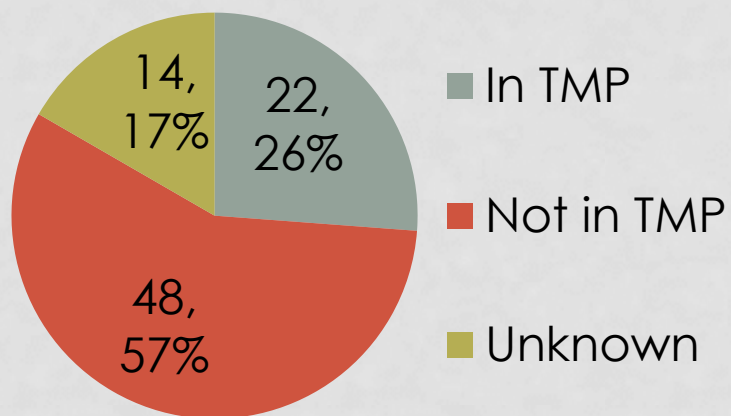


*At the time of distribution, 789 of the Port's moorage and dry storage spaces were full.

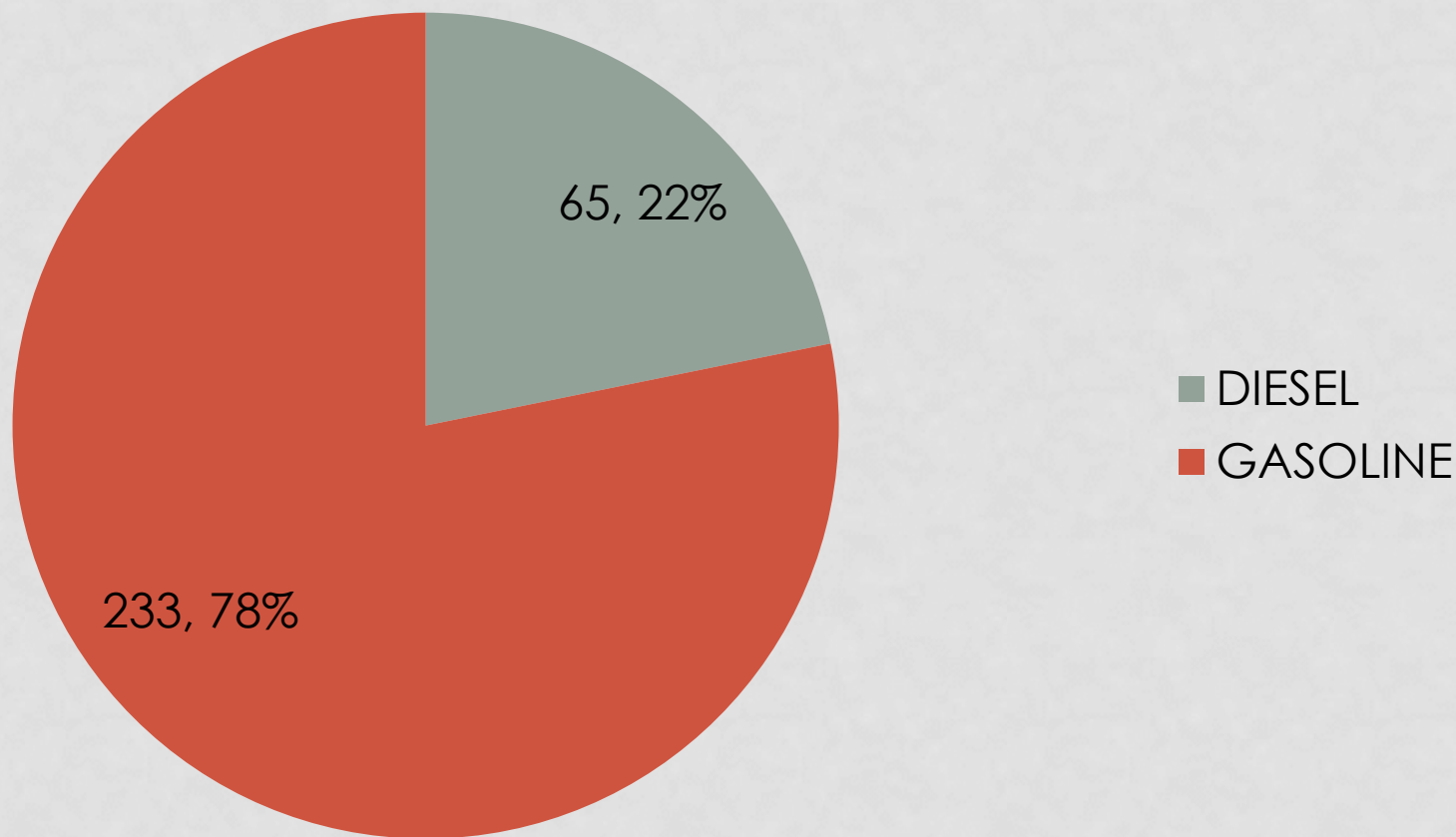
QUESTION 4: IF YOU ARE A TENANT, HOW LONG HAVE YOU BEEN A TENANT?



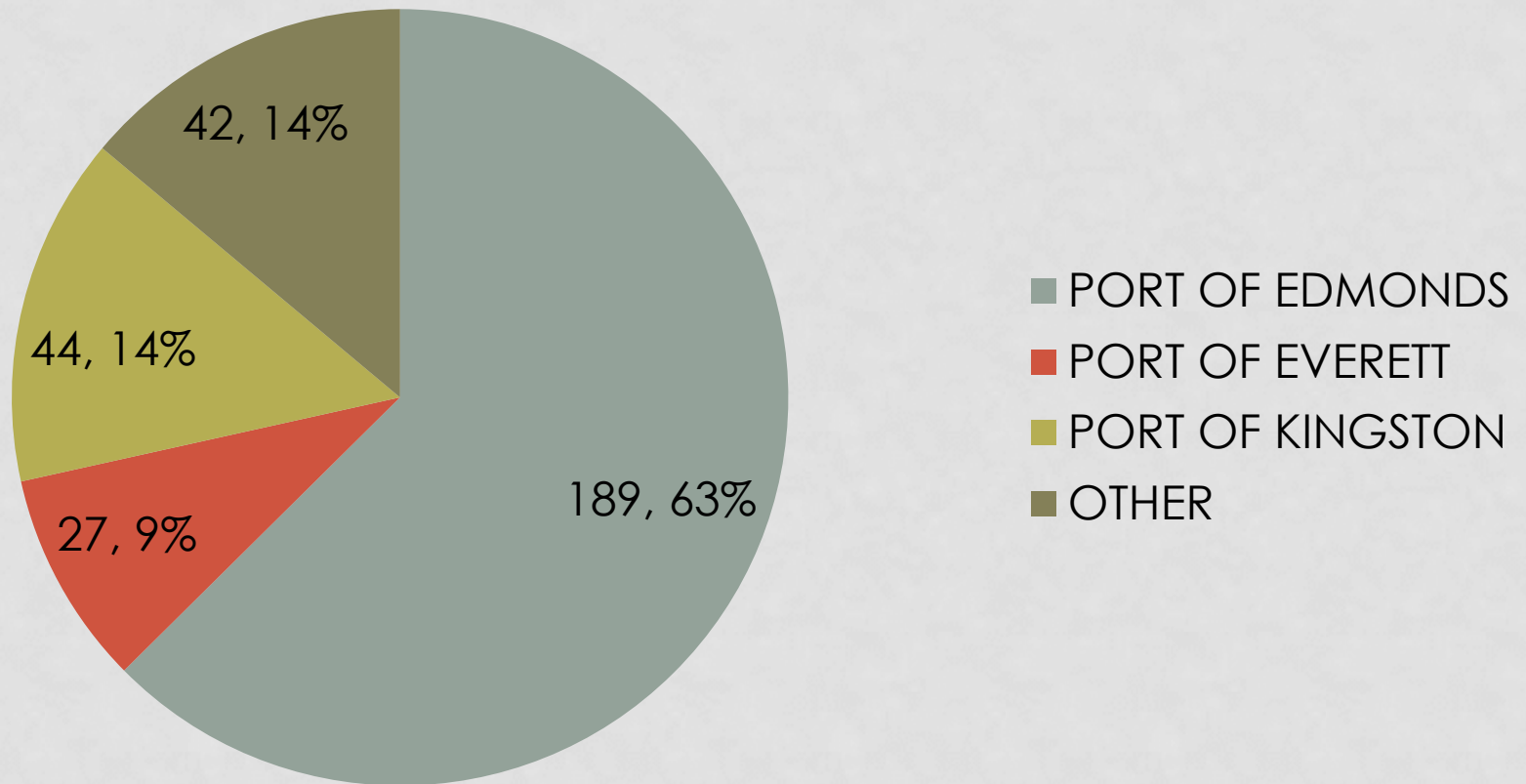
QUESTION 5: IF YOU ARE NOT A TENANT, WHAT SERVICES DO YOU UTILIZE?



QUESTION 7: DO YOU USE DIESEL OR GASOLINE IN YOUR BOAT?

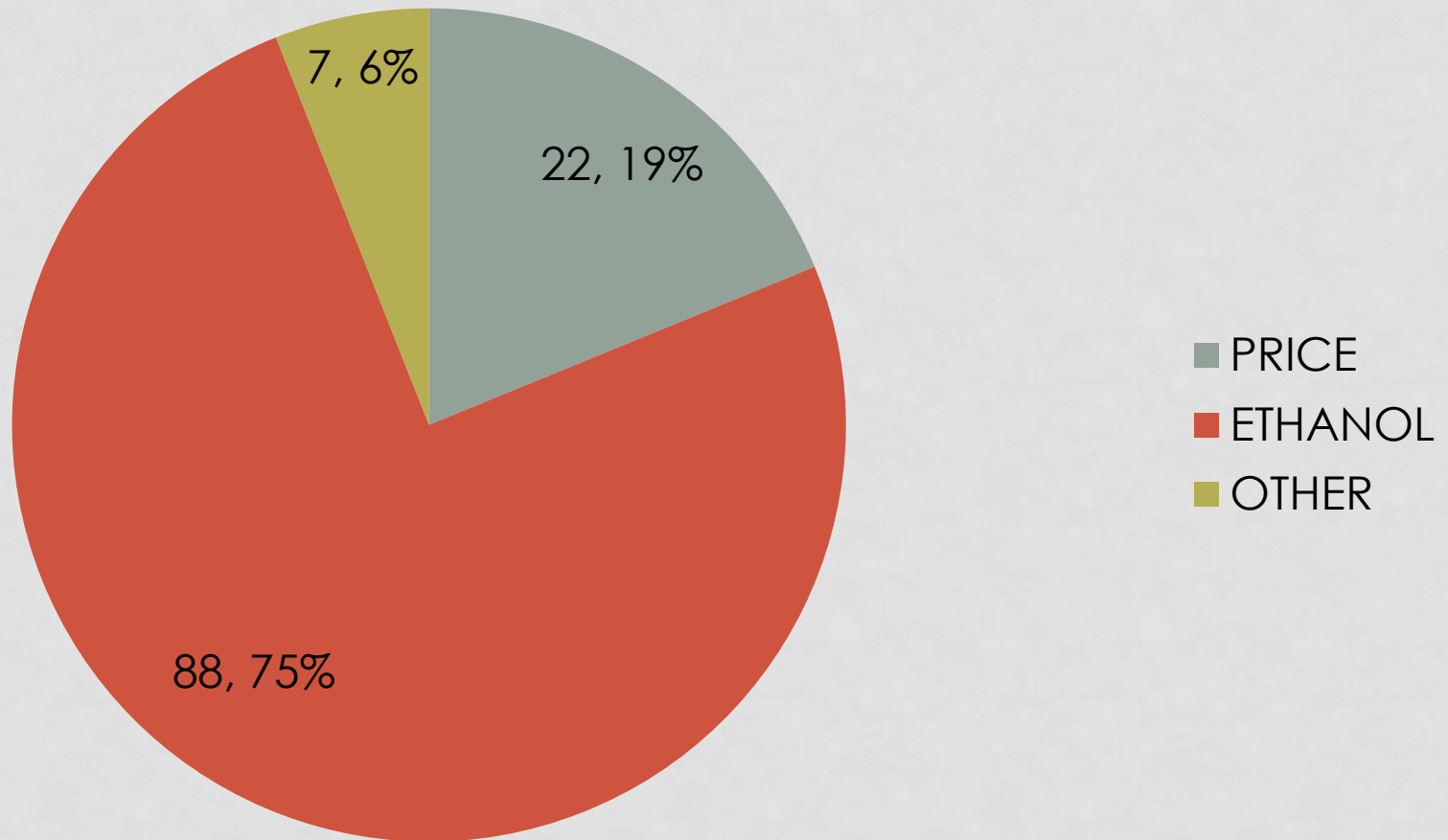


QUESTION 6: WHERE DO YOU PRIMARILY PURCHASE FUEL FOR YOUR BOAT?

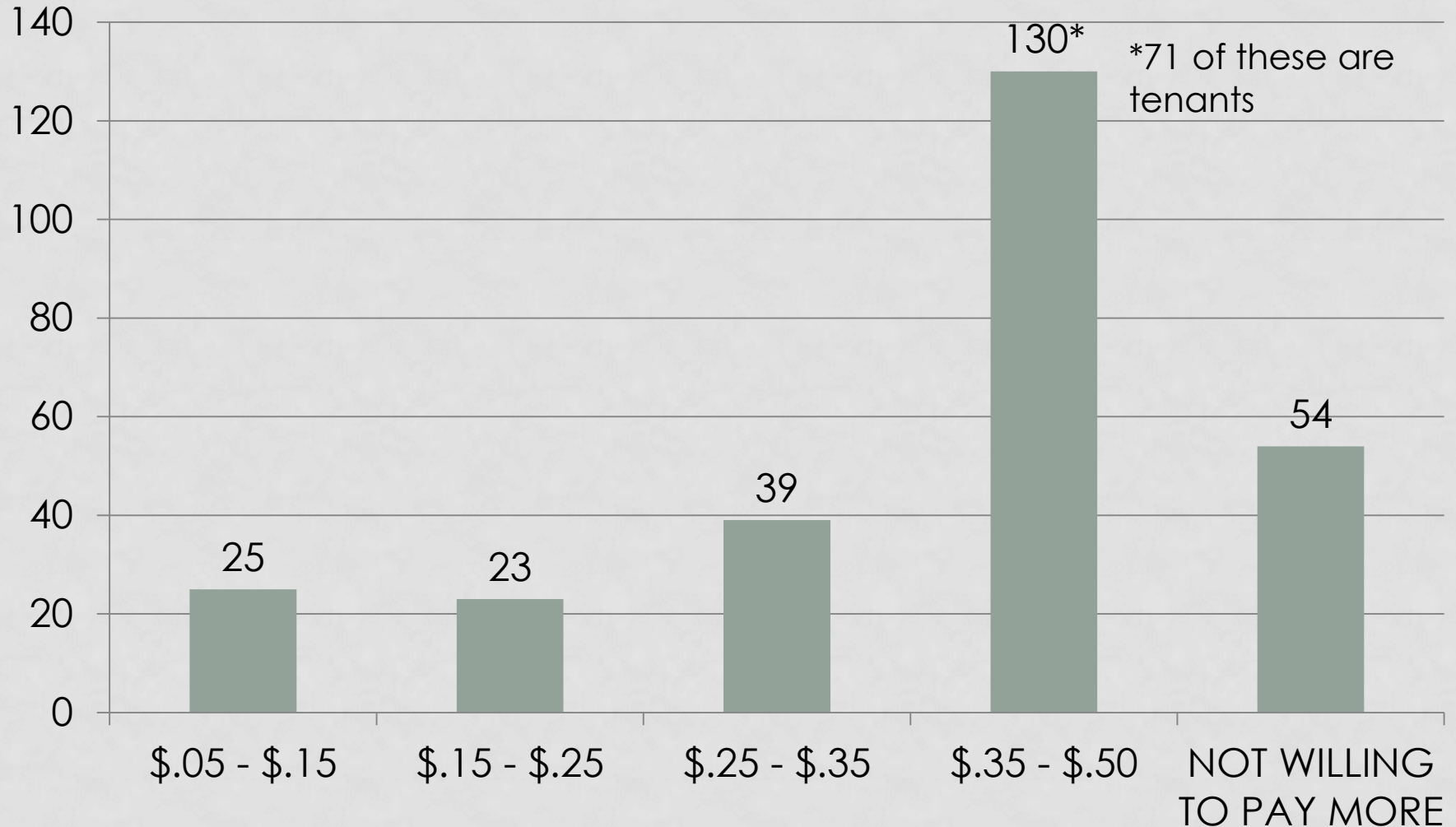


“Other” answers included: Anywhere with non-ethanol fuel (12), land gas stations (11), Anacortes (2), Port Townsend (2) Shilshole (2), Bellingham (1), Elger Bay (1), Des Moines (2), Westport (1), Issaquah Grange (1), Oak Harbor (1), Poulsbo (1), Snohomish Co-Op (1), Port Angeles (1), Brownsville (2), Canada (2), Misc. Lake Union (2), Port Ludlow (1)

QUESTION 8: IF YOU DO NOT PURCHASE FUEL FROM POE, WHAT IS THE REASON?

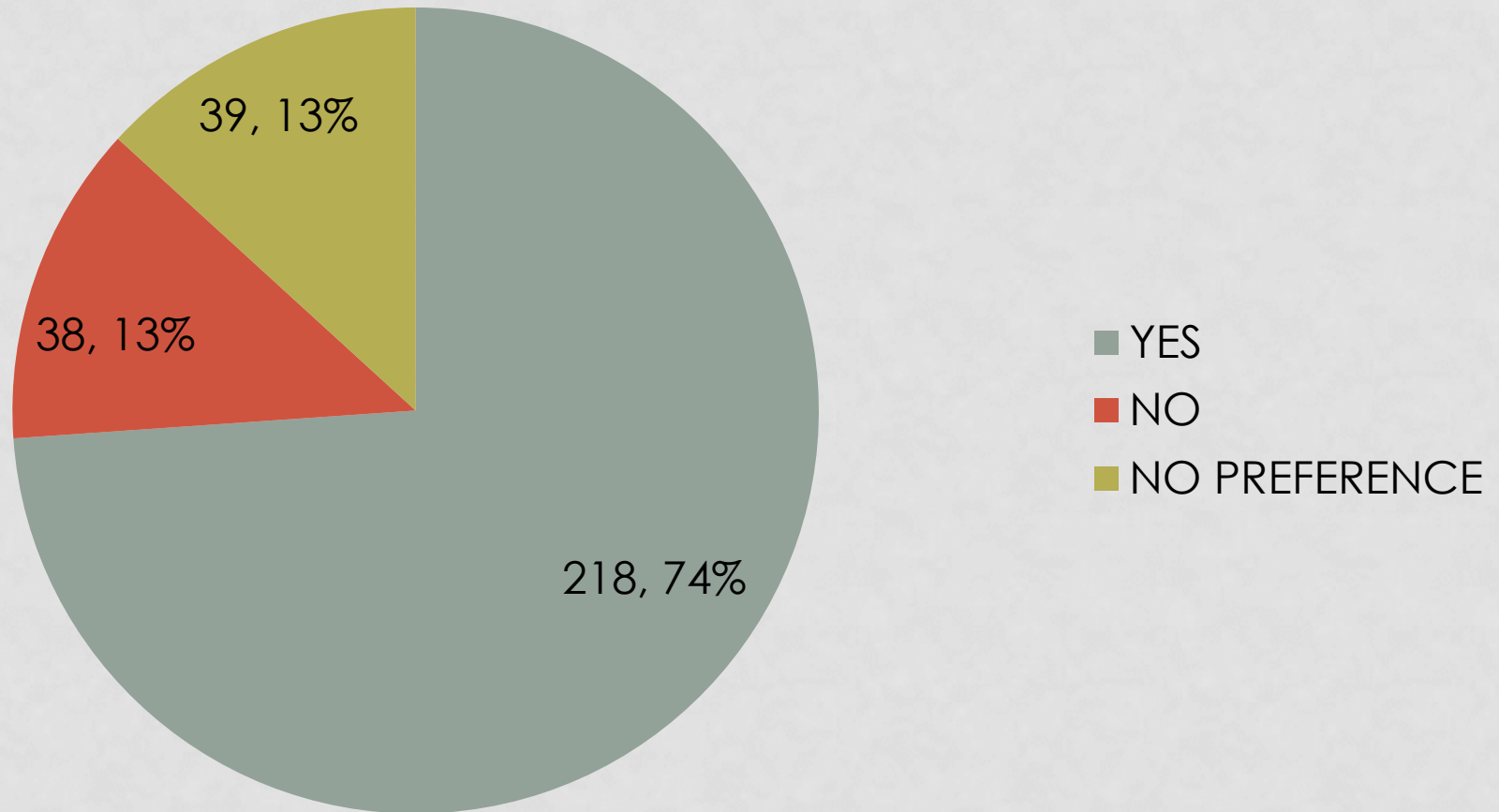


QUESTION 9: HOW MUCH MORE PER GALLON ARE YOU WILLING TO PAY FOR NON-ETHANOL GASOLINE?



QUESTION 10:

DO YOU WANT THE PORT TO SWITCH TO NON-ETHANOL GASOLINE?



SURVEY COMMENTS: ETHANOL

- “question 9 is a joke question for those of us with diesels. It does not matter to me re non ethynol vs ethynol fuels.....”
- “I would buy fuel if it was e-free.”
- “Valvect is a low sulfur fuel. It is less stable, goes bad quickly, holds more water, and causes corrosion. It does not have the lubrication qualities necessary for older diesel engines.”
- “Ethanol. I've spent thousands of \$\$ in fuel related issues with boat over the winter months. I'll use your fuel when I need during the summer if I know I'll burn it within the week. That said I started bringing it in or fueling the bioat when on the trailer. A major reason for why the boat is at the house and not there now.”

SURVEY COMMENTS: ETHANOL

- “I don’t use it [non-ethanol] but if I did I would pay a premium, gladly. It’s the right thing for boaters. It’s a flawed policy on a national level. This is even more important because we could see 15% ethanol”
- “I try to buy non-ethonal gas if it available. While you are convenient, you charge signifiantly more than the alternatives.”
- “I run from Shilshole to Kingston for E-Free fuel. Edmonds would be my preferred fuel dock if you sold E-free fuel”
- “Challenging question [if wanting Port to switch to non-ethanol], but ethanol is a real issue for marine engines, as you know”
- “You have ethanol in your gas and i have had my mechanic not to use it in my yamahas furthermore the harbormaster in paulsbo told me they switched because of etanol problems”

SURVEY COMMENTS: PRICE

- “You are always more expensive than Chevron/Shell”
- “Other than price I don't know the argument. Is there one?”
- “Port of Edmonds diesel is \$.25-.50/gal more - too expensive”
- “Cost is less in Kingston”
- “Since I also buy fuel from APP, non ethanol fuel is \$0.30 more!”

MISCELLANEOUS SURVEY COMMENTS

- “Q10: not totally but have 1 pump with non-ethanol for those that want it”
- “For the small amount I use it would be nice, but maybe not for everyone”
- “If we switched to non-ethanol fuel, would it still be stabilized?”

MISCELLANEOUS SURVEY COMMENTS

- “Off hours access is excellent service”
- “Its a port I that I could easily access for fuel while out sport fishing.”
- “Next you should send out a survey about your wonderful staff!! All of us Port members are lucky to have them.”

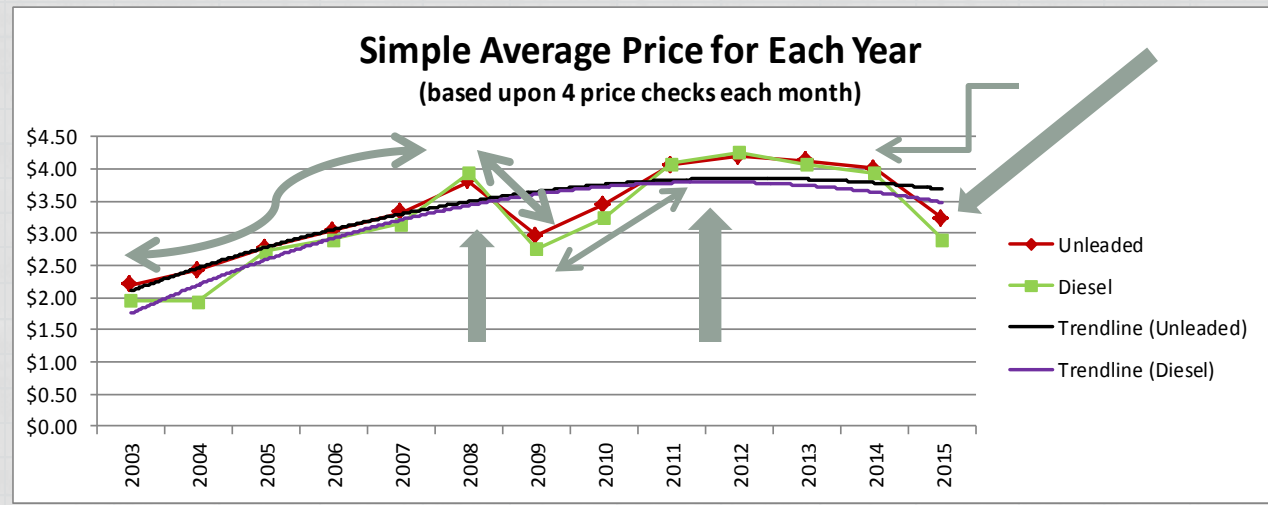
PORT OF EDMONDS FUEL PRICE COMPARISON: 1ST QUARTER 2016

Distance from Edmonds			206-824-5700	360-297-3545	206-783-7555	425-259-6001	206-282-8424	360-779-9905	360-692-5498
In Nautical Miles			27 Est.	4.6	7.8	13	11.5	15.7	12 Est.
Date:	Edmonds	PAP**	DesMoines	Kingston	Shilshole	Everett	Elliot Bay	Poulsbo	Brownsville
1/7/2016	2.789	2.689	2.969	2.999	3.749	3.059	3.599	3.209	2.899
	2.089	1.989	1.959	1.999	2.899	2.089	2.619	2.159	1.997
1/22/2016	2.339	2.239	2.759	2.999	3.499	2.549	3.399	3.059	2.899
	1.839	1.739	1.699	1.999	2.729	1.929	2.619	1.759	1.759
2/5/2016	2.359	2.259	2.589	2.999	3.499	2.599	3.299	3.059	2.899
	1.959	1.859	1.469	1.999	2.739	2.039	2.399	1.759	1.659
*Qrtly Avg Unleaded	2.49567	2.396	2.772	2.999	3.582	2.736	3.432	3.109	2.899
*Qrtly Avg Diesel	1.962	1.862	1.709	1.999	2.789	2.019	2.546	1.892	1.805
		Pay at the pump price							

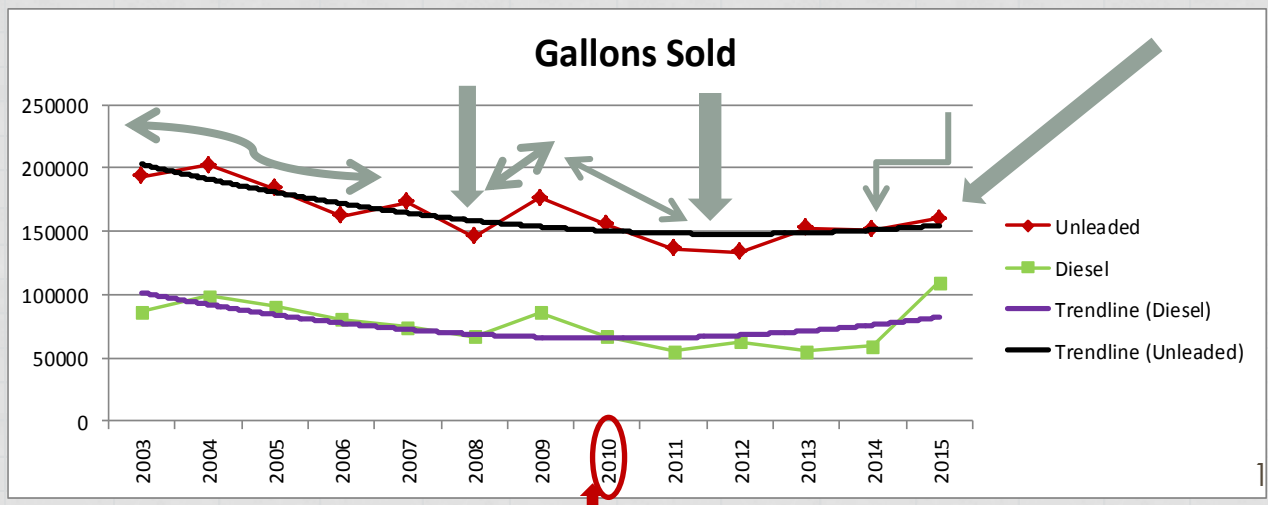
Trend line shows direct correlation between price and gallons sold.

- 2003 thru 2008 gas prices continue to inch their way up.
- 2008 Recession hit – fuel prices were at their highest
- 2009 price starts to come down and gallons sold sees a pretty sharp increase.
- 2010 price starts to go up again and gallons sold declines. Switch to E-10 w/Valvtect happens late in the year (November).
- 2011 thru 2012 – there were all time highs on fuel prices - - and pretty much all time lows on **both gas and diesel** volumes.
- 2014 we began to see a decrease in fuel prices
- 2015 prices were down and thru 3rd quarter the Port surpassed annual volumes of the previous 5 years.

	Simple Average based upon last day of each quarter												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unleaded	2.196	2.424	2.769	3.041	3.326	3.804	2.954	3.441	4.057	4.194	4.116	3.996	3.231
Diesel	1.952	1.946	2.719	2.904	3.151	3.931	2.759	3.237	4.085	4.252	4.067	3.93	2.901



	Gallons Sold												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unleaded	193408	202207	183765	162262	172668	145384	175991	155086	135921	133343	152712	151366	159792
Diesel	86836	98585	90548	80248	74010	66509	85677	66582	54955	62443	55474	59180	109469
TOTAL	280244	300792	274313	242510	246678	211893	261668	221668	190876	195786	208186	210546	269261



Note: 2015 totals are thru 3rd Qtr

Switch to E-10 – Nov. 2010

FUEL PROGRAM PROFIT & LOSS STATEMENT

	2010	2011	2012	2013	2014	2015
Revenue	723,212	775,251	796,213	833,146	835,552	889,433
Cost of Sales	604,494	663,150	704,356	723,706	720,221	713,627
Net	118,718	112,101	91,857	109,440	115,331	175,806
Expenses	78,668	73,275	68,134	65,344	73,125	80,476
Net	40,050	38,826	23,723	44,096	42,206	95,330
Depreciation	50,928	48,288	48,288	49,584	37,556	25,168
Net Income/(Loss) Before O/H	(10,878)	(9,462)	(24,565)	(5,488)	4,650	70,162
Overhead	105,160	94,072	90,066	103,369	106,534	87,457
Net Income/(Loss)	(116,038)	(103,534)	(114,631)	(108,857)	(101,884)	(17,295)

Gallons Sold	221,668	190,876	195,786	208,186	210,546	299,415
Net Income/(Loss) Per Gallon Before O/H	\$ (0.0491)	\$ (0.0496)	\$ (0.1255)	\$ (0.0264)	\$ 0.0221	\$ 0.2343

Fuel Margin History										1st half	2nd half		
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013	2014	2015
0.45	0.5	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.61	0.65	0.65	0.69

STAFF RECOMMENDATION

1. Stay on Course
2. Continue to serve E-10 with ValvTect additive
3. Continue market pricing
4. Continue with goal of breakeven before overhead
5. Upgrade equipment as needed
6. Continue tenant rewards including:
 - Pay at the Pump – allows .10 per gallon discount & 24 hour fueling.
 - 1 free day in boatyard for every 150 gallons in receipts