

**DRY STORAGE CUSTOMERS MEETING
MARCH 10, 2020 – 4:30pm to 6:30pm**

PRESENT:

Port Staff: Bob McChesney, Marla Kempf, Ian Todd

Port Tenants (Sign-in Sheet): Andy Watson, Dave Logan, James Murray, Joe Baker, Chris Boucher, Chris Trainer, Frank Pray, Bob Smith, Trish/Gary Giuffrida, Vladimir Lesnikov

Port staff coordinated an open discussion meeting with dry storage customers on March 10, 2020. The purpose of the meeting was to follow-up on public testimony that was received from dry storage customers at a 7:00pm Commission meeting on February 24th, 2020. Summarized comments from that meeting are included on the first page of the attached presentation.

BACKGROUND INFORMATION

A presentation was given that reviewed; feedback from February 24th Commission meeting, outlined financial information from Dry Storage for the past 10 years, identified things the Port has done to reach a better bottom line, reviewed occupancy and vacancy rates, boat move analysis, how the Port reached the decision to limit the number of moves included in monthly rates to 21, some tenant rewards that can help customers manage monthly costs, and dock protocols.

Financials

A quick review shows that if you take the operating results and subtract from that just the bond payments, over the past ten years the Port of Edmonds is \$1.6 million negative on the dry storage operations. The Port has invested approximately 2.4 million capital dollars in the dry storage program since 2009. Operating expenses before depreciation have essentially remained flat for 10 years! In 2009, operating expenses before depreciation were \$357,170.00 in 2018, they were \$350,122.00. In 2019 operating expenses before depreciation were \$463,978.00. The first year that the Port had a positive bottom line in dry storage ever was in 2014 when net income was \$25,713.00. Since that time, there has been a positive net income. In 2018 net income was \$115,783.00. (In 2019 net income was \$123,967.00).

- Revenues from dry storage have increased by an average of 1.43% for the past 10 years whereas operating expenses have increased by an average of 2.6%.
- The Port has continued its commitment to quality, service, value and convenience by investment in maintaining and improving, the racks, the minuteman launchers, the dock return and pre-launch areas, and the forklifts.

How did the Port reach a better bottom line?

- 2011 State of Washington removed the 12.84% excise tax requirement on publicly owned dry storage facilities
- Port created the Utility Worker positions
 - Home base
 - Participate in projects within other departments
- Closed the East Lot in 2012
- Implemented the variable rate structure in 2012 which established peak and nonpeak season rates
- Revised the dock protocols in 2018 (resulted in less forklift moves)
- Remeasured boats and moved to appropriate size categories

Occupancy/Vacancy

Dry Storage 5-year annual occupancy average is about 92.5% which is very good.

Occupancy is lowest in the 21'11" and under category (A&B rows) about 32% vacancy in non-peak season (not good).

In 2018 we created a "pay-per-move" option for this size range for boats that are going to be inactive. A promotional rate of:

- \$130.00 per month was established
- Includes free move-in & move-out
- ½ price sling & wash if moving from water to dry
- \$25.00/move
-

Vacancy in A & B row is still around 32% during non-peak times.

A dry storage customer suggested that maybe the Port should reconfigure the 21'11" category for larger boats. This is under review by the Port. The narrow fairways present some challenges.

Boat Move Analysis

Moves are defined as follows:

- Rack to Water = 1
- Water to Wash Down = 1
- Wash Down to Rack =1
- Rack to Wash Down =1

Moves were analyzed for 5 months May, June, July, August, September 2018.

- An average of 76% of the spaces in dry storage had recorded moves.

Number of spaces with over 20 moves

- May = 7
- June = 5
- July = 30
- August = 15
- September = 23

Moves over 21				
1	2	3	4	5
26	12	2	2	1

Of the 5 months, here are the number of months each tenant was over 21. On the high end of the above scale, 26 tenants were over 21 moves 1 time during the 5-month timeframe, and on the low end 1 tenant was over 21 moves all 5 months.

Moves Over 21 by Number				
<u>22-26</u>	<u>27-31</u>	<u>31-35</u>	<u>36-39</u>	<u>40+</u>
32	19	11	1	3

The scale above shows how many moves over the 5-month timeframe those tenants over 21 requested. 32 times the moves were between 22 and 26 per month. 19 times the moves were between 27 and 31, 11 times the moves were between 31 and 35, 1 time between 36 and 39, 3 times the moves exceeded 40 times per month.

How did we arrive at 21 moves and \$25.00/move?

- The unlimited moves policy has not been financially viable.
- Need to stop the losses.
- Raising rates by CPI +1% has not and will not recover the losses or provide enough funding for future expenditures.
- 19% of the dry storage customers during the database timeframe moved their boats over 21 times. 81% didn't.
- It just makes sense to charge more to those who are receiving a higher level of service. Rather than, raising everyone's rates.
- \$25.00 per move was already part of our rate structure.

"Perks"

The Port has created ways for tenants to reduce monthly costs by managing their requested moves and earning rewards from fuel purchases. Operators can use the center wash down rack to allow boat owner to put boat plug in. There is no additional move added for this. In addition, for those who use their boat frequently, The Tenant Rewards program for Fuel Purchases allows the tenant to turn in proof of purchase and earn one free night of guest moorage or one free round trip on the public launch with 75 gallons, or one free forklift move with 50 gallons. Fuel must

have been purchased within the 12 months prior to turning in receipts, and rewards must be used with 12 months of the Port issuing the certificate. Program details and form can be found on our website.

Dock Protocols

Procedures, enforcement and availability were discussed. The rules for Low-Volume times (November thru April) and High-Volume times (May thru October) were reviewed.

General Comments from attendees

- What is the problem you are trying to solve?
- What is the end goal?
- Modify A/B racks and washdown, angularity
- What is the difference between a move and a launch?
- When were the Bonds paid off? If the bonds have been paid, then why does previous “in the hole” matter?
- Port is making over 100,000 per year, so why does it matter?
- What is the real cost of a move?
- Extra moves don't actually cost anything - the forklifts and employees would be there regardless. There is no incremental cost for moves.
- Charges over 21 feels like a penalty for using the boat
- Taking low volume overnight moorage away on the western end of B-dock during fish openings forces early fishermen to go to V-dock and guest moorage areas where they don't like rafting and it's inconvenient.
- If we are gone from the dock before opening and we return to B-dock during opening, operators will take our boat out of the water and we won't be able to get back into the water until dry storage opens the next morning since call ahead space is usually taken during peak fishing times.
- Feel like we are being forced into choices we don't want to make
- Port is being unreasonable
- This is being crammed down our throat
- Why wasn't there prior discussion and input from customers?
- It seems like the outcome is predetermined and meeting is just an exercise
- The Port should charge the seasonal users more – don't penalize permanent year around customers



Dry Storage Discussion – March 9 &10, 2020



Comments from Feb. 24th Commission Meeting Public Testimony

- Ever changing rules – more consistency please
- Want to have overnight use of B-dock
- Why is the Port taking Pre-launch (night before) away?
- Leaving before dry storage operations open
- How did the Port arrive at the 21-move limit & \$25.00 charge?
- Could moves be averaged throughout the year?
- Can the Port revert to allowing boats to be left in the water overnight?
- What is driving the changes?
- Does the Port have a long-term comprehensive plan for the marina as a whole?
- Boats left overnight in the water and not gone by 7am are supposed to be charged a guest moorage fee for that night. There are boats that are left unused for days in a row.
- Port should enforce the rules
- Concerned about losing the ability to keep boat in the water
- Received a ticket because he didn't understand the new rules
- Should be a set fee for moving boat in and out of the water instead of a charge on each touch



Financials

A quick review shows that if you take the operating results and subtract from that just the bond payments, over the past ten years the Port of Edmonds is \$1.6 million in the hole on the Dry Storage Operations

Investments

Port of Edmonds Dry Storage Investments For the Years of 2009 to 2019											
Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Launcher Renovation		92,262									
Hoist Neptune Forklift		216,693									
South Launcher Grease Lines and Rollers			10,643								
North Launcher Cylinder Replacement				14,047							
South Launcher Renovation				90,880							
North Launcher Proportional Valve								16,567			
Taos Restroom Facilities								207,326			
Rebuild Telescoping Cylinder									7,185		
A Dock Electrical and Plumbing										25,153	
Wggers Marina Bul Forklift											296,759
Bond Principal Payments	140,600	146,300	151,050	157,700	171,950	180,500	188,100	139,650	168,300		
	140,600	457,256	161,693	262,427	171,950	180,500	188,100	363,543	175,485	25,153	296,759

Note: the Taylor forklift was purchased in 2007 at a cost of \$249,247.

Income

Port of Edmonds Dry Storage Income Statement For the Years of 2009 to 2018										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	619,244	597,158	606,457	622,849	642,858	647,199	673,614	636,505	664,410	716,916
Cost of Sales									117	8,080
Gross Profit	619,244	597,158	606,457	622,849	642,858	647,199	673,614	636,505	664,293	708,836
Operating Expenses Before Depr	357,170	416,494	385,085	349,629	386,175	352,548	362,095	353,565	325,935	350,122
Net	262,074	180,664	221,372	273,220	256,683	294,651	311,519	282,940	338,358	358,714
Depreciation	214,368	225,503	182,496	189,497	191,452	155,138	154,820	161,548	180,221	162,380
Net Income/(Loss) Before O/H, Interest	47,706	(44,839)	38,876	83,723	65,231	139,513	156,699	121,392	158,137	196,334
Overhead	72,028	86,831	73,585	70,455	79,760	82,519	66,236	72,546	81,666	80,551
Net Income/(Loss) Before Interest	(24,322)	(131,670)	(34,709)	13,268	(14,529)	56,994	90,463	48,846	76,471	115,783
Interest Allocation	76,292	65,979	59,178	45,981	39,328	31,281	20,503	9,691	3,762	-
Net Income	(100,614)	(197,649)	(93,887)	(33,713)	(53,857)	25,713	69,960	39,155	72,709	115,783

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Boat Move Analysis

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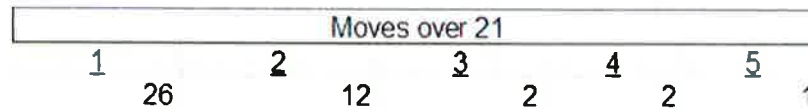
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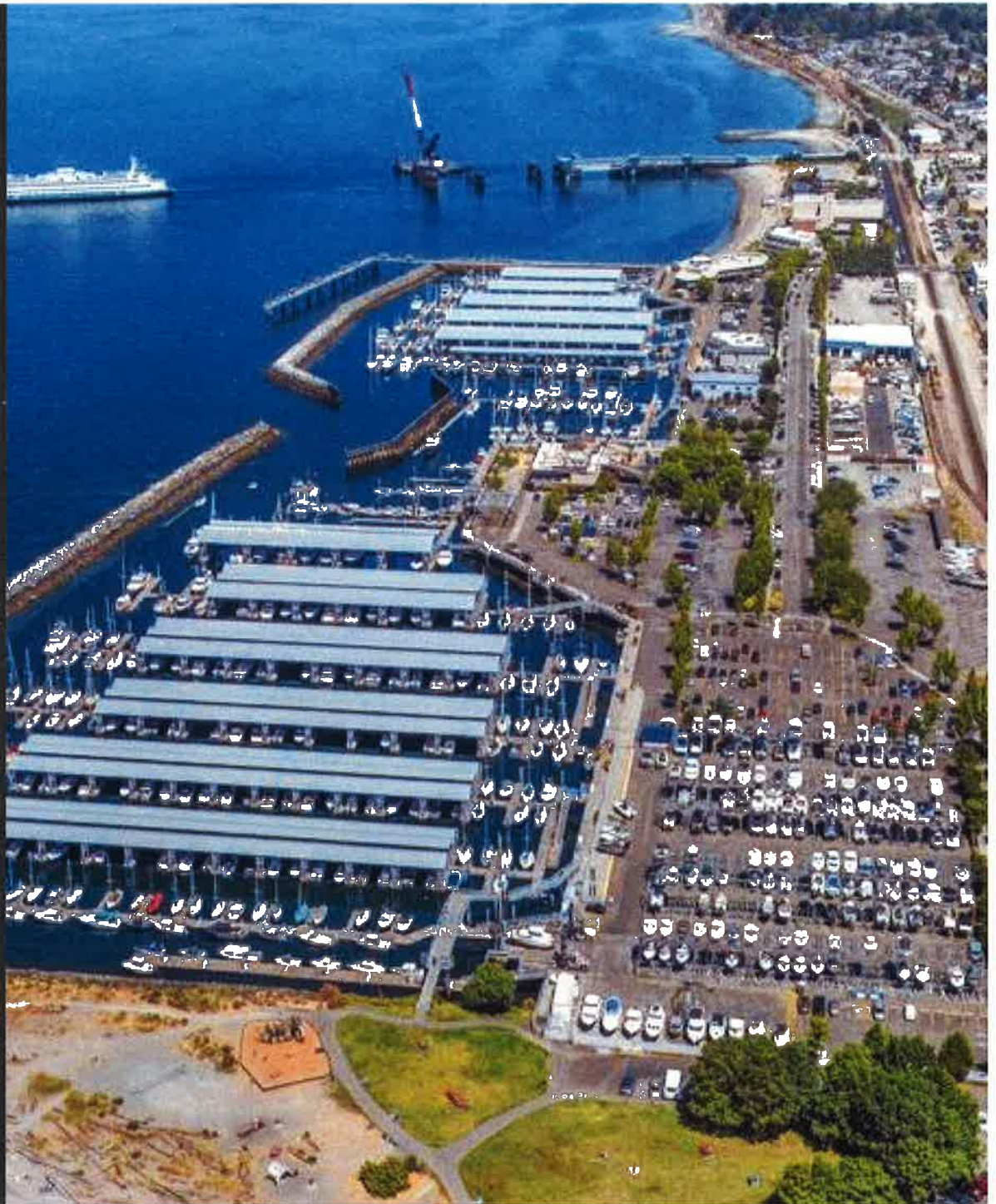
Over the 5 months, how many moves are they requesting? (High: 32 times the moves were between 22 and 26 moves per month – Low: 3 times the moves exceeded 40 times per month)



- There were 28 tenants who moved more than 21 times in July
- 43 tenants or 19% would be affected annually by move charges
- 18 were seasonal and 25 were long term tenants
- There are currently 24 tenants from the original data set that are still at the Port of Edmonds dry storage

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“PERKS”

Center Wash Down

- Operators can use center wash down rack to allow boat owner to put boat plug in
- No move for placing your boat on this wash down for plug only

Tenant Rewards – Fuel Purchases

- 75-gallon proof of purchase
 - *One free night of guest moorage or One free Round trip on the public launch*
- 50-gallon proof of purchase
 - *One free forklift move to be applied after 21 moves has been reached for the month (does not include moves to public launch or boatyard).*

Program details for these reward options are available on our website:

www.portofedmonds.org/marina/promotions

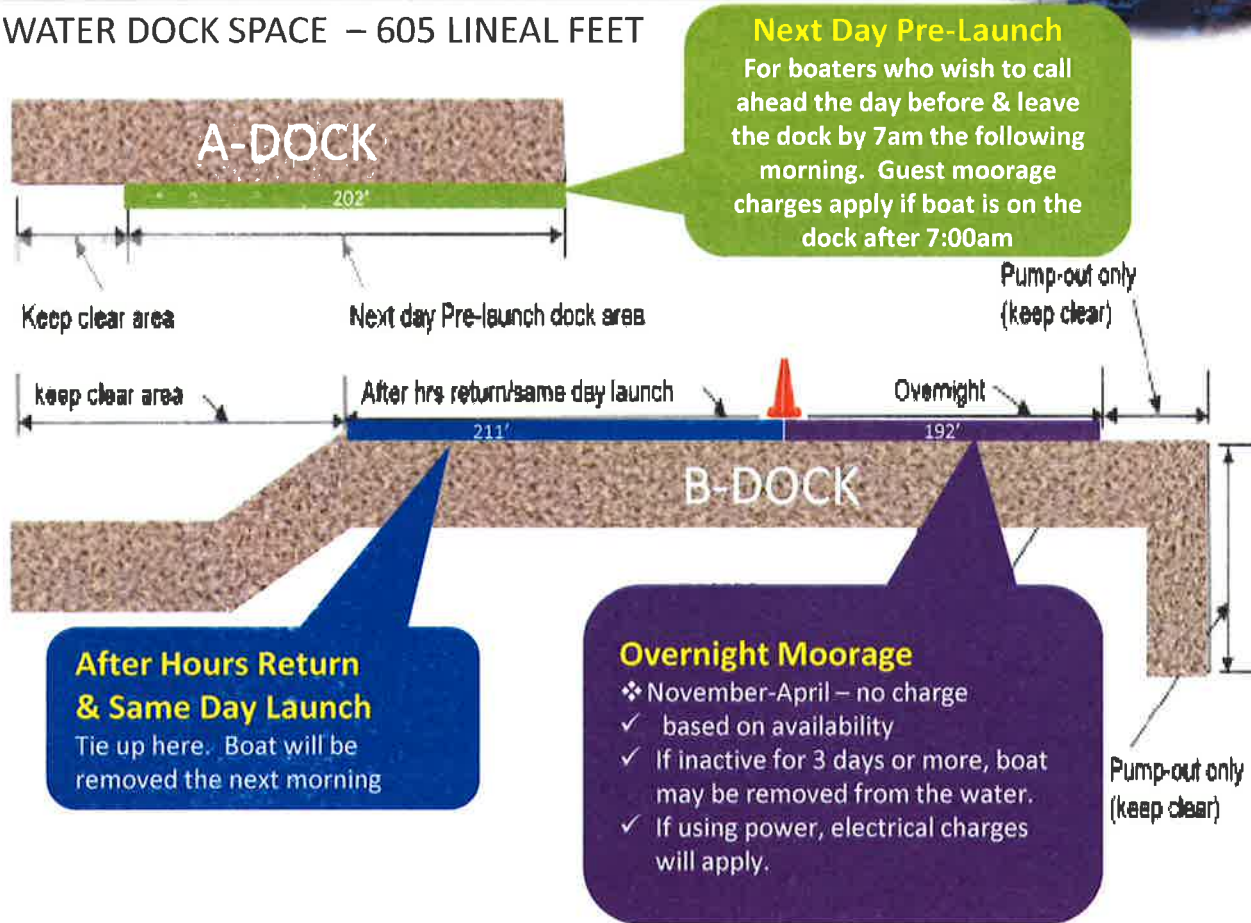


2020 Dock Usage Guidelines

Low Volume Protocols (November thru April)



IN-WATER DOCK SPACE – 605 LINEAL FEET

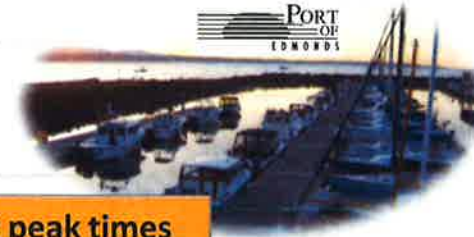


Next Day Pre-Launch
For boaters who wish to call ahead the day before & leave the dock by 7am the following morning. Guest moorage charges apply if boat is on the dock after 7:00am

After Hours Return & Same Day Launch
Tie up here. Boat will be removed the next morning

Overnight Moorage
❖ November-April – no charge
✓ based on availability
✓ If inactive for 3 days or more, boat may be removed from the water.
✓ If using power, electrical charges will apply.

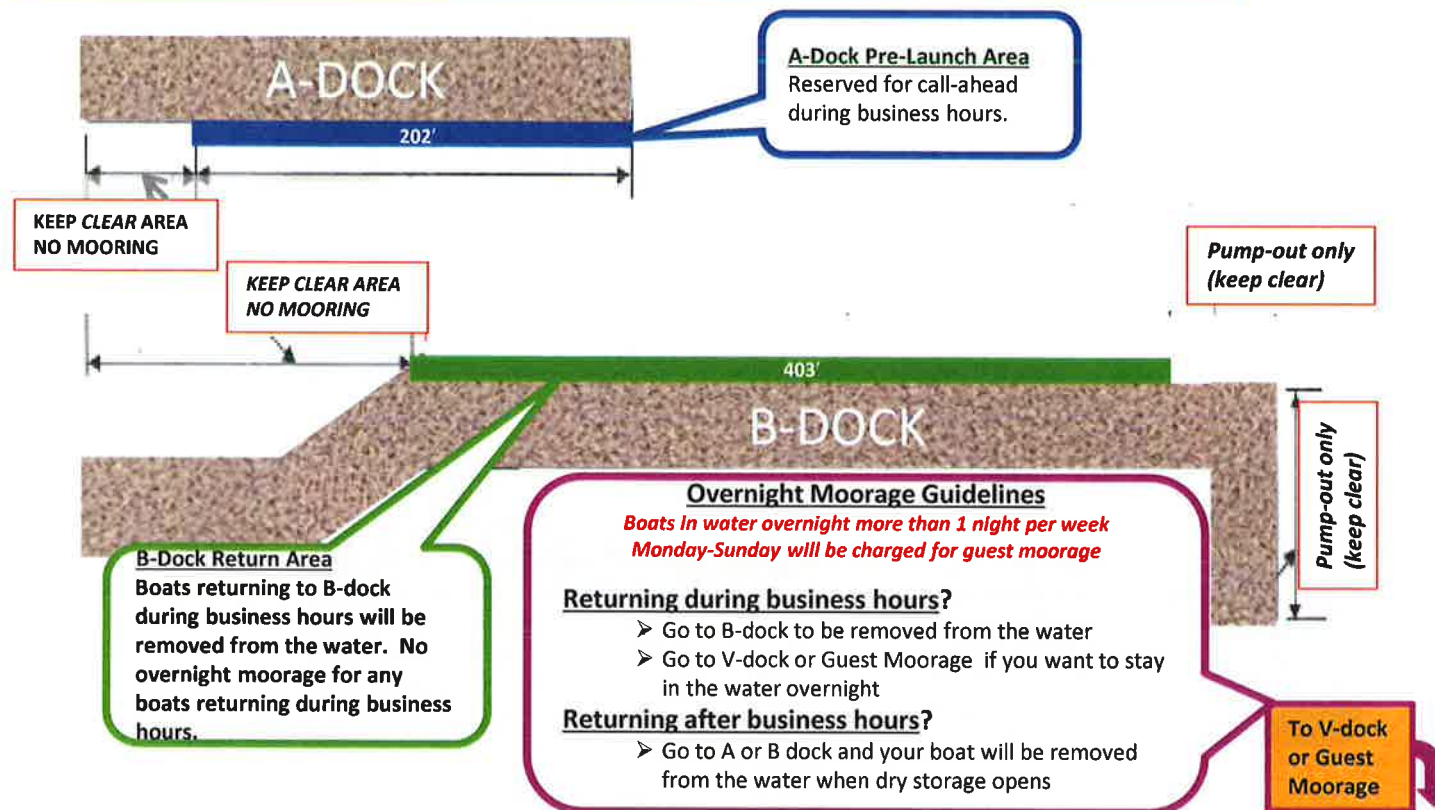




2020 Dock Usage Guidelines

High Volume Protocols (May thru October)

NOTE: 45-minute time limit will be enforced on wash down during peak times



2020 Forklift Operators



Torady



Rick



Anders



Jordan



Aaron



