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 avers 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

<table>
<thead>
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<th>Moves over 21</th>
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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.

<table>
<thead>
<tr>
<th>Moves Over 21 by Number</th>
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| 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 then, 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 out the 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.

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How we reached 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
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  - Participate in projects within other departments
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- Implemented the variable rate structure in 2012 which established peak and nonpeak season rates
- Revised the dock protocols in 2018 resulting in less f/l 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.

Vacancy 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.
Boat Move Analysis

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

Of the 5 months, here are the number of months each tenant was over 21 (High: 26 tenants were over 21 moves 1 time – Low: 1 tenant was over 21 moves all 5 months)

<table>
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<th>Moves over 21</th>
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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)

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<th>Moves Over 21 by Number</th>
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<td>19</td>
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- 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
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.
- It just makes sense to charge more to those who are receiving higher level service.
- $25.00 per move was already part of our rate structure.
"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

**A-DOCK**

*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

**B-DOCK**

*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.

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

*Pump-out only (keep clear)*
2020 Dock Usage Guidelines
High Volume Protocols (May thru October)

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

A-DOCK
KEEP CLEAR AREA NO MOORING

A-Dock Pre-Launch Area
Reserved for call-ahead during business hours.

B-DOCK
KEEP CLEAR AREA NO MOORING

B-Dock Return Area
Boats returning to B-dock during business hours will be removed from the water. No overnight moorage for any boats returning during business hours.

Overnight Moorage Guidelines
Boats in water overnight more than 1 night per week Monday-Sunday will be charged for guest moorage

Returning during business hours?
➢ Go to B-dock to be removed from the water
➢ Go to V-dock or Guest Moorage if you want to stay in the water overnight

Returning after business hours?
➢ Go to A or B dock and your boat will be removed from the water when dry storage opens

To V-dock or Guest Moorage

Pump-out only
(keep clear)

Pump-out only
(keep clear)
2020 Forklift Operators

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Rick
Anders
Jordan
Aaron