
MARINA ADVISORY COMMITTEE

October 3, 2016





**Marina Advisory Committee
October 3, 2016 at 7:00 P.M.
City Council Conference Room
865 SE Barrington Drive, Oak Harbor, WA 98277**

Committee Members

Ken Hulett, Chairman
J.J. Jones, Vice-Chairman
Mahmoud Abdel-Monem
Jeff Malmgren
Steve Hucke

1. Public Comment
2. Review of the September 12, 2016 meeting notes
3. Fuel Pricing Strategy – Discussion
4. Pioneer Way Traffic Verbal Update – Discussion
5. General Update
6. Marina Advisory Committee Comments
7. Next Meeting – November 7, 2016
8. Adjourn

REVIEW OF MEETING NOTES

September 12, 2016

Roll Call: Mr. Hulett X Mr. J. Jones Mr. Abdel-Monem X Mr. Malmgren Steve Huckle X

Staff: Mayor Severns, Steve Powers & Chris Sublet

Public: Byron Skubi, Steppe Williford

1. Public Comment:

Mr. Williford explained that he had written a letter to the Mayor expressing his concern regarding the traffic backup on Pioneer leading to Catalina. He said that he is concerned this may be a safety issue since it would be very difficult for emergency vehicles to access the marina. He continued to explain that he has seen up to 23 cars in line and that besides the safety issue it is a major inconvenience for marina tenants. Mr. Williford suggested that the City look into removing the island and creating a “stacking” lane for base traffic.

Mr. Powers displayed and reviewed an aerial map of the area. He explained that the road may not be wide enough to create the “stacking” lane but he would look into it.

Mayor Severns explained that he will be meeting with base Commander in the coming days and will be discussing the issue with him. The Mayor continued to say that he or City staff will report back to the MAC after the meeting with the Commander.

2. Review of the June 6, 2016 Meeting Minutes:

Approved as written.

3. Summer Recap – Discussion

Mr. Hulett introduced the agenda item and Mr. Sublet reviewed the packet documents. He explained that the occupancy and revenue was very good for June and July and reviewed some of the bigger expense and revenue categories. Mr. Sublet also explained that for the revenue and expense June and July timeframe he expects to see 58% earned or spent.

Discussion

The Committee discussed the occupancy, revenue and expense reports and concluded that it may be time to review all of the marina pricing to ensure that the marina is optimizing its revenue. They also discussed the “Interfund” and “Indirect Cost Allocation” expense categories. The Committee then discussed the RCO “Conditional Use” agreement.

Action

No action was taken.

4. MAC Future Projects – Discussion

Mr. Hulett introduced the agenda item and questioned how much input was needed from the MAC. Mr. Sublet explained that the projects on the memo are projects that staff feels must be completed and that staff just wants to know if there are any projects that the Committee

would like to work on. Mr. Sublet then explained each project on the list. He also explained that it does not appear that the marina has the financial ability to repair the hoist or purchase a new piece of equipment to launch and haul boats in 2017. Mr. Sublet then explained that it may be possible to get an RCO grant in 2018 to repair the hoist or purchase a new piece of equipment.

Discussion

The Committee discussed the projects on the list and did not add any new projects. They spent a considerable amount of time discussing the hoist and the purchase of a new piece of equipment. They also discussed how not having a way to launch and retrieve boats may affect Race Week and ultimately businesses in the City. The Committee concluded by asking staff to explore equipment leasing options.

Action

No action was taken.

5. General Update:

- Mr. Sublet reviewed a list of projects completed, events that occurred in the summer, winter projects and areas of concern. He explained that having the third seasonal employee made a big difference and freed up full time staff to work on projects. Mr. Sublet explained that purchasing new marina management software and working on a new solution for reciprocal moorage were priorities before the next boating season starts.

6. MAC Comments:

- Mr. Hulett questioned the use of the marina boat for emergencies and if the marina should charge for this use.
 - Mr. Sublet explained that the goal is to get the emergency responders to respond to emergencies, not the marina staff.
 - Mr. Hucke asked if the marina insurance would cover any accident that may happen.

7. Next regular meeting— October 3, 2016

8. Adjourn

FUEL PRICING STRATEGY

Memo

Memo

To: Marina Advisory Committee
From: Chris Sublet, Harbormaster
CC: Steve Powers, Director Development Services
Date: 10/3/2016
Re: Fuel Pricing Formula Review - Discussion

The Marina Advisory Committee members have questioned if the fuel pricing formula put into place in 2012 is still competitive and fully covers all costs associated with the selling of fuel. The Committee also expressed a “use of time” and “profitability” concern with regard to the marina selling small quantities of gas to non-marina tenants for use in lawnmowers, weed eaters, chainsaws, etc.

At the June 2016 meeting, staff presented the fuel pricing formula and information on fuel sales for 2014 and 2015. Based upon this information, the Committee asked staff if they would calculate the employee cost to sell fuel and present that information at a future meeting.

FUEL PRICING FORMULA

The current fuel pricing formula is a flat rate formula that includes the cost, delivery fee (gas only) and tax (diesel only). The price of fuel is only changed when a delivery is received.

Diesel formula:

$$(\text{Cost} + \$0.40) \times 1.087(\text{tax}) = \text{retail price per gallon}$$

Gas formula:

$$\text{Cost} + \$0.40 + \$0.03 (\text{delivery fee}) = \text{retail price per gallon}$$

The Marina currently offers two discounts on fuel. The first discount is \$0.05 per gallon, for purchases over 100 gallons and is available for both marina tenants and guests. The second discount is \$0.20 per gallon, up to the amount paid for the first night of guest moorage and is only available to marina guests.

The tables below displays fuel sale information for 2014 and 2015. The “Cost” column only displays the cost of fuel (based on the actual invoices), and does not include fuel pump maintenance, fuel dock maintenance or the cost of staff time to monitor the fuel sale.

Diesel

Year	Revenue	Cost	Gallons Sold
2014	\$259,830.10	\$226,153.60	77,291
2015	\$231,857.77	\$187,923.37	109,746

Gas

Year	Revenue	Cost	Gallons Sold
2014	\$135,613.60	\$119,272.81	31,675
2015	\$125,162.86	\$105,715.91	36,612

EMPLOYEE COST TO SELL FUEL

The fuel pumps at the marina pump approximately 10 gallons per minute. The average hourly rate, including benefits, for the regular full time employees is \$43.60, while the average hourly rate of the seasonal employees is \$16.99. The marina sells the bulk of all fuel in the May – October timeframe. During this May – October timeframe it is estimated that seasonal employees account for approximately 75% of all fuel sales.

2014:

May – October = 71,949 gallons or 66% of the total yearly gallons sold

Seasonal Employee (SE) Fuel Sales

- 71,949 (gallons sold) x .75 (est. sold by SEs) = 53,961.75 gallons sold by SE
- 53,961.75 (gallons sold by SE) / 10 (gallons per minute) = 5,396.175 (minutes)
- 5,396.175 (minutes) / 60 (minutes in an hour) = 89.94 hours
- 89.94 (hours) X \$16.99 (SE average rate of pay) = \$1,528.08 (estimated total cost for SE to sell fuel)

Regular Full Time Employee (RFE) Fuel Sales

- 71,949 (gallons sold) x .25 (est. sold by RFE) = 17,987.25 gallons sold by RFE
- 17,987.25 (gallons sold by RFE) / 10 (gallons per minute) = 1,798.725 (minutes)
- 1,798.725 (minutes) / 60 (minutes in an hour) = 29.97 hours
- 29.97 (hours) X \$43.60 (RFE average rate of pay) = \$1,306.69 (estimated total cost for RFE to sell fuel)

Per Gallon Labor Cost

- \$1,528.08 (Cost for SE) + \$1,306.69 (Cost for RFE) = \$2,834.77 Total SE and RFE cost to sell fuel
- \$2,834.77 / 71,949 = .04 per gallon employee (RFE and SE) cost to sell fuel

November – April = 37, 017.853 gallons or 34% of the total yearly gallons sold

Regular Full Time Employee (RFE) Fuel Sales (No Seasonal Employees on staff)

- 37,017.853 (gallons sold by RFE) / 10 (gallons per minute) = 3,701.79 (minutes)
- 3,701.79 (minutes) / 60 (minutes in an hour) = 61.7 hours
- 61.7 (hours) X \$43.60 (RFE average rate of pay) = \$2,690.12 (estimated total cost for RFE to sell fuel)

Per Gallon Labor Cost

- \$2,690.12 / 37,017.853 = .07 per gallon RFE cost to sell fuel

2015:

May – October = 120,044.46 gallons or 82% of the total yearly gallons sold

Seasonal Employee (SE) Fuel Sales

- 120,044.46 (gallons sold) x .75 (est. sold by SEs) = 90,033.35 gallons sold by SE
- 90,033.35 (gallons sold by SE) / 10 (gallons per minute) = 9,003.34 (minutes)
- 9,003.34 (minutes) / 60 (minutes in an hour) = 150.06 hours
- 150.06 (hours) X \$16.99 (SE average rate of pay) = \$2,549.35 (estimated total cost for SE to sell fuel)

Regular Full Time Employee (RFE) Fuel Sales

- $120,044.46$ (gallons sold) \times $.25$ (est. sold by RFE) = $30,011.12$ gallons sold by RFE
- $30,011.12$ (gallons sold by RFE) / 10 (gallons per minute) = $3,001.11$ (minutes)
- $3,001.11$ (minutes) / 60 (minutes in an hour) = 50.02 hours
- 50.02 (hours) \times $\$43.60$ (RFE average rate of pay) = $\$2,180.81$ (estimated total cost for RFE to sell fuel)

Per Gallon Labor Cost

- $\$2,549.35$ (Cost for SE) + $\$2,180.81$ (Cost for RFE) = $\$4,730.16$ Total SE and RFE cost to sell fuel
- $\$4,730.16$ / $120,044.46$ = $.04$ per gallon employee (RFE and SE) cost to sell fuel

November – April = 26,315.023 gallons or 18% of the total yearly gallons sold

Regular Full Time Employee (RFE) Fuel Sales (No Seasonal Employees on staff)

- $26,315.023$ (gallons sold by RFE) / 10 (gallons per minute) = $2,631.50$ (minutes)
- $2,631.50$ (minutes) / 60 (minutes in an hour) = 43.86 hours
- 43.86 (hours) \times $\$43.60$ (RFE average rate of pay) = $\$1,912.30$ (estimated total cost for RFE to sell fuel)

Per Gallon Labor Cost

- $\$1,912.30$ / $26,315.023$ = $.07$ per gallon RFE cost to sell fuel

Combined Average Per Gallon Labor Cost

$.04$ (per gallon cost for SE) + $.07$ (per gallon cost for RFE) = $.11$
 $.11$ / 2 (SE and RFE) = $.055$ average per gallon SE or RFE to sell fuel.

Based upon the above formulas, the average employee cost to sell fuel is $.055$ per gallon.

**The above formulas only account for actual time selling fuel, they do not include any travel time to and from the fuel dock.*

CONCLUSION

The main intent of the fuel pricing formula was to offer low priced fuel to help attract visiting boaters while at the same time increasing the volume of fuel sales. The fuel pricing formula was developed to ensure the costs involved with the selling fuel were covered in the retail price. Based upon the estimated employee cost to sell fuel and the unknown costs (travel time, pump maintenance, fuel system monitoring maintenance and etc.), staff feels that it may be prudent to revisit the fuel pricing formula to ensure that all costs are covered in the retail price. Staff also believes that setting a “minimum” fuel sale quantity for non-marina tenants may also be needed.

Staff seeks the Marina Advisory Committee’s thoughts on this issue.

If you have any questions, please do not hesitate to contact Chris Sublet at (360) 279-4575.

GENERAL UPDATE

August Occupancy Report

August 2016 Occupancy

Based upon Marina Program Reports

Permanent Moorage

Dock	Total Slips	Total Occupied	Total Vacant	Percent Occupied
A	54	51	3	94%
B	82	76	6	93%
C	55	52	3	95%
D	85	75	10	88%
E	71	65	6	92%
Totals	347	319	28	

- There were 3 fewer slips occupied in August than in July.
- The permanent moorage docks were 92% occupied.
 - -1% compared to July.
 - +7% compared to August 2015.

Conditional Moorage

Dock	Total Slips	Total Occupied	Total Vacant	Percent Occupied
G	16	9	7	56%
F	52	32	20	62%
S	8	8	0	100%
Totals	76	49	27	

- There were 4 more slips occupied in August than in July.
- The conditional moorage docks were 64% occupied.
 - +5% compared to July.
 - -14% compared to August 2015.

Overall Summary

- The combined permanent and conditional moorage marina docks were 87% occupied in August.
 - The same % as compared to July.
 - +3% compared to August 2015.
- The average percentage of occupancy on each dock was 85% in August.
 - +1% compared to July.
 - +1% compared to August 2015.