

Boating Industry Services News – August 2009

Comments from the Editor



During the past few months of this newsletter's "sabbatical", the national boating industry as a whole, and the North Carolina industry in particular, witnessed reversals of fortune of unprecedented magnitude. Efforts to establish a baseline of employment numbers, company losses, manufacturing hibernations, and industry trends only provided data quickly out of date and of limited value. What was and is still needed within the industry is credit and loan options for boat buyers, struggling boat manufacturers, boat sales businesses, and industry OEM and service providers.

No one argues about much but the degree of damages and the timing for recovery. What we do know is that boating industry companies across North Carolina are taking advantage of our SBTDC counseling services to help them assess and enter new markets, sell to military and government agencies, and develop business and marketing plans which are "SBA engineered and bank worthy".

Jack Morrow and Mike Bradley can help you get answers and find SBTDC counselors near your business who will hear what you have to say and offer suggestions regarding loans, downsizing, researching new markets and the like. Email us directly or go to our website to find the counselors nearest you: www.SBTDC.org or email mbradley@sbtcd.org and/or jmorrow@sbtcd.org.

Status of the Industry

We have lost a number of boat manufacturers in the state and it is not uncommon for traditionally strong companies here to be reduced in staff by 75%, or more, and down in sales by similar numbers. Nationally, (according to [NMMA](#) and [MSR](#) - a monthly trend report of industry wholesale shipments) that "traditional powerboat (outboard-, sterndrives -, and inboard-powered boats) wholesale shipments for NMMA's control group of manufacturers, (representing 72% of the U.S. market), were down 50% in unit volume and down 56% in dollars for the first two months of 2009, compared to a year ago. Advance data indicate sales will drop further through March." To see the most up-to-date status, view www.info-link.com/bellwetherreport.asp.

NC Boating Industry Services Relocates to Raleigh

The Beaufort office of the SBTDC Boating Industry Services (BIS) has officially closed and Mike Bradley is relocated in the headquarters of the Small Business Technology and Development Center in downtown Raleigh. The new address is 5 W. Hargett St., Suite 600, Raleigh, NC 27601, and the new phone number is (919) 715-7668. Jack Morrow remains at the UNCW office with the same mailing, phone and e-mail: (601 College Road, Box 5913, Wilmington, NC 28403-5977, phone: 910-962-3351). Nancy Blanchard, also of the Beaufort office for several years, took advantage of our relocation to move north to cooler (and often snow bound) South Hero, Vermont. She has stayed active in the Coast Guard Auxiliary and continues her efforts with the program she started in NC, the Recreational Boater Safety Visitation Program (RBSVP). The www.NCwaterways.com website continues to be the worksite for and is the BIS program.

Stormwater Permit (NCG19) Process Requires Attention Now

For All Marinas, Boatyards and Boat Builders

If your company is a marina (anywhere in the state – not just on the coast) and provides any type of repair service on the landside of the facility; a boatyard; or a boat builder or boat restoration facility of any kind, you will need to re-permit if you have a NCG19 Stormwater permit now, or apply for one if you do not.

Excluded are in-water only marinas with fuel sales, basic retail, but no upland repair or cleaning. Boat builders can get a waiver if you meet certain “all under a roof” criteria, but you have to apply. And, to avoid confusion, it now appears that every company using a powerwash system will have to be permitted.

According to the NCDENR | DWQ | Stormwater Permitting division, the Stormwater Permit for Marinas & Boat Builders is set to expire August 31, 2009. Existing permittees were notified in their renewal packages and DWQ provided public notice of the draft renewal in papers and online. The draft permit and fact sheet can be found at the following link: <http://h2o.enr.state.nc.us/su/publicnotice.htm> located under the May 15, 2009 date label along with the other pending renewals.

There are two components to review: The 27 page permit draft that will lose its draft status soon and become law [found also on our NCwaterways site here: **GENERAL PERMIT NO. NCG190000** [<http://www.ncwaterways.com/BusinessAssistance/TradeWinds/2009TW/09-8/NCG19DraftForNotice2009.pdf>] and a 13-page Fact Sheet needed to better understand the requirements of the permit also found here: **FACT SHEET for NCG19** [http://www.ncwaterways.com/BusinessAssistance/TradeWinds/2009TW/09-8/NCG19Factsheet_2009.pdf].

It is highly probable that a consultant will be needed in order to fill out all required components of this permit. It includes sections that require site testing to incorporate monitoring parameters such as pH, Oil and Grease (O&G) and Total Suspended Solids (TSS). It also includes recording New Motor Oil Usage. DWQ is proposing to introduce additional analytical monitoring for certain metals (Copper*, Aluminum*, Iron*, Lead*, and Zinc*) in this general permit (*total recoverable).

In addition, DWQ is proposing a new response obligation based on qualitative monitoring results for this entire general permit. If there are indications of failure to maintain an adequate Stormwater Pollution Prevention Plan (SPPP) and/or water quality standard violations, a facility can be directed to seek coverage under an individual permit that could include additional analytical monitoring. This revision should help address facilities where regional inspections have observed problems (for example, sites that have boat washing facilities (wastewater) that drain directly to stormwater outfalls).

Components include a (1) a Site Plan with five criteria; (2) a Stormwater Management Plan with record keeping and a Best Management Practices Summary; (3) a Spill Prevention and Response Plan (SPRP); (4) a Solvent Management Plan (new); (5) a Preventative Maintenance and Good Housekeeping Program; (6) an Employee Training program; (7) a Responsible Party component where position(s) responsible for the overall coordination, development, implementation, and revision to the Plan are identified; (8) a Plan Amendment component to identify whenever there is a change in design,

construction, operation, or maintenance which has a significant effect on the potential for the discharge of pollutants to surface waters; (9) provisions for Facility Inspections at a minimum on a semi-annual schedule, once during the first half of the year (January to June), and once during the second half of the year (July to December), with at least 60 days separating inspection dates; (10) Plan Implementation component where documentation of all monitoring, measurements, inspections, maintenance activities, and training provided to employees is kept on-site for a period of five years.

BIG Funds (Boating Infrastructure Grants) – Apply Now

The grants, which will help fund construction of docks, boat slips and other facilities to support recreational boating, are made available through the U.S. Fish and Wildlife Service's Boating Infrastructure Grant (BIG) program. <http://www.ncdmf.net/grants/BIG.html>

The fiscal year 2010 (FY2010) funding opportunity opens July 16, 2009. Completed applications must be received at the N.C. Division of Marine Fisheries no later than **5 p.m. August 20, 2009**. Please note that applications are due earlier this year than in previous years.

BIG funds **may be used** for installation of tie-up facilities that can be occupied by boats for no more than 10 consecutive days, such as floating docks or fixed piers, boat slips, mooring buoys, fuel stations, sewage pump-out stations, restrooms, and dockside utility services. BIG funds **cannot be used** for commercial vessel infrastructure, tie-up facilities designed for trailerable boats or for long-term use, maintenance dredging, haul-out features, dry-land storage, law enforcement activities or purchase of land.

Last year's funding provided in North Carolina: Town of Plymouth, \$106,000 and match with \$44,000 to construct nine transient boat slips on town property; Town of New Bern, \$647,000 and match with nearly \$736,000 to construct a new marina on town property and include 14 transient boat slips and associated facilities for transient boater use; and Morehead City, \$504,000 and match that amount with more than \$318,000 to increase public waterfront access through construction of ten transient boat slips.

SBA Loans - SBA 504 Loan Program to Refinance Existing Debt

From [MRAA](#), [NMMA SBA](#), and our host agency, [SBTDC](#) resources: The Federal Small Business Administration has expanded its 504 Certified Development Company loan program to allow small businesses to refinance existing loans used to purchase real estate and other fixed assets. The changes were authorized in the American Recovery and Reinvestment Act of 2009. [The SBA Dealer Floor Plan DFP](#) is a pilot program that allows dealers to borrow against retail inventory and acts as a revolving line of credit for a dealer to obtain financing for retail goods. The dealer repays the debt as the inventory is sold and can borrow against the line of credit to add new inventory.

These permanent changes will allow small businesses to restructure eligible debt to help improve their cash flow which, in turn, will enhance their viability and support growth and job creation. The SBA 504 loan program can be used to purchase business real estate or fixed assets, such as heavy equipment or machinery.

Background on DFP and TALF (Term Asset-Backed Securities Lending Facility)

[NMMA Economic Relief Initiative information](#)

[SBA DFP Frequently Asked Questions for Borrowers and Lenders](#)

[National Marine Bankers Association \(NMBA\) continues work on problem](#) (**Boating Industry** news item)

[NMBA create "101" webinar to assist boating industry find and develop loan sources](#)

DFP loans are available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program, with a maximum repayment term of five years. Borrowers also benefit from the temporary elimination of fees on 7(a) loans made possible by the American Recovery and Reinvestment Act of 2009. DFP loans guarantees will be from 60-75 percent, depending on the type of collateral and the lenders advance rate against the wholesale price of the inventory. Lenders may advance up to 100 percent of the wholesale price.

The Reality

It takes banks with money to loan and the willingness to loan against *titleable* assets like boats and trailers to complete the process of these SBA-backed loans. Even though it is a good program for both borrower and bank, the bank has to be comfortable with the asset value of the boats and trailers against which the loans are made. And this is usually the "Catch 22" in that boat values and a country-wide appreciation for the value of the boats in question are not easily agreed to by lender and borrower. The lender has extensive capital at-risk as these loans must be held on the bank or lender's book, and the borrower has more money in the assets than the bank is likely to lend.

What to do

The real answer is to understand what you have, the collateral of your particular assets including the boats, and to "work" your bankers – the ones you have done business with and who know your business – if at all possible. If not, use your own network of like-boat sales businesses and manufacturers to track down potential lenders – they don't have to be from your state. The National Marine Bankers Association created a very informative 15 minute [Webinar](#) as noted above. Take the time.

The Small Business Administration (SBA) has posted an online instruction document and checklist for businesses wishing to apply for dealer floor plan loans. The document offers businesses a step-by-step guide to applying for a DFP loan through SBA's pilot program, which launched on July 1. While the application process should be done with a loan officer at a participating lender, the instructions give

interested applicants a helpful review of what the application will require. To learn more, visit www.sba.gov/floorplanfinancing .

NC Golden LEAF Foundation Funds Boating Efforts

Our BIS program was awarded a Golden LEAF Foundation award of \$100,000 for 2009 for the purpose of economic development related to boating industry recruitment and existing business expansion. The new recruitment tools are based on boating cluster development, supply chain dynamics, existing business networking, and development of new, working waterfront marine parks. We will provide more detailed information on the particulars of this grant in the next newsletter. In short, we will continue economic development efforts through (1) trade booth presence at the International Boatbuilders' Exposition & Conference (IBEX) and the Miami International Boat Show; (2) support of NC exhibitors at such shows as the Composites + Polygon and the Ft. Lauderdale International Boat Show; and continued recruitment efforts with NC Commerce and our NC utility company sponsors (Progress Energy, Duke Energy, NC Electric Cooperatives, and NC Electricities).

NMMA Submits Formal Comments on Ethanol Waiver

WASHINGTON D. C., July 20, 2009 – Today, the National Marine Manufacturers Association (NMMA) submitted nearly 40 pages of comments to the Environmental Protection Agency (EPA) opposing a petition submitted by Growth Energy, a pro-ethanol lobby, requesting a waiver to allow the sale of ethanol gasoline blends of up to 15 percent (E15). NMMA has long contended that higher ethanol blends could lead to serious performance, durability, and emissions problems in recreational marine engines and boats and that more testing is necessary before any increase in the ethanol blend level can be permitted. In its comments, NMMA urged EPA to deny the waiver petition in its entirety, including the issuance of a “partial waiver” that would attempt to create a dual fuel supply allowing the sale of E15 for newer motor vehicles.

As a result of NMMA's efforts, with support from the larger boating community, more than 30,000 marine industry employees, boaters and others submitted comments to EPA urging the Agency to deny the waiver.

“NMMA's comments raise substantial concerns with E15 and demonstrate that there is insufficient information on the impacts of E15 on marine engines and fuel systems,” said NMMA President Thom Dammrich. “It is clear that EPA lacks the scientific and technical information required by law to approve the ethanol industry's request to allow E15 and we strongly urge EPA to deny the waiver petition.” EPA has until December 1, 2009 to grant or deny Growth Energy's waiver petition.

The U.S. Senate Approved August 8 as National Marina Day

This resolution supports the goals of National Marina Day and urges America's marinas to continue to serve as environmentally-friendly gateways to boating.

National Marina Day is celebrating its eighth year, and marinas around the country are recognizing the day at their facilities by inviting their communities to visit and learn about the industry and the link marinas provide to our waterways. Click here for nationwide events on the Association of Marina Industries website.

NC Wastewater Treatment Solution and Advanced Composites Company

Articles in the August/September *Professional BoatBuilder Magazine*

North Carolina-based Clean Marine Solutions, LLC and its new Hybrid Wastewater Treatment System is detailed in an article titled “**Help at the Haulout**” in this month’s *Professional BoatBuilder Magazine*. The company is headed up by David Flagler, known for his path through the NC Maritime Museum, to Cape Fear Community College Boat Building to Marine Education and Training Center (METC) at Honolulu Community College then to NC MARTEC Marine Training and Education Center at Carteret Community College before he finally got involved in helping boatyards and marinas solve the ubiquitous power wash wastewater problems. The article is in the Issue 120, August/September 2009 on pages 10 and 11. See the digital version: <http://www.proboat-digital.com/proboat/e20090809/> and search for “Flagler” or go to page 10.

In the same issue, Jim Gardiner’s company, Compmillenna, is featured in an article called “Small Shop, Large Parts” found on pages 62-70. The article provides an in-depth review of the Washington, NC company and details Jim’s extensive background in wood-laminates through state-of-the-art composites solutions for boating and non-boating challenges (“ running custom software from Techni-Systems (Chelan, Washington) in making the 110’ 34m) carbon fiber sole beams with a low-temperature pre-preg system from Advanced Composite Group (Derbyshire, United Kingdom).”

To view this article, go to <http://www.proboat-digital.com/proboat/e20090809/> and use methods noted above.

Clean Marinas/Pumpout Stations

A North Carolina bill entitled CLEAN MARINAS/PUMPOUT STATIONS (RATIFIED HOUSE BILL 1378 AND SESSION LAW 2009-345) was recently signed into law. It states “an act to provide that the owner or operator of certain marinas shall install and maintain pumpout facilities by July 1, 2010, to prohibit the discharge of sewage from a vessel into certain coastal waters, to require the owner or operator of any marina who knows that a vessel docked at the marina has unlawfully discharged sewage into coastal waters to report the unlawful discharge to the appropriate law enforcement agency, to require vessel owners and operators to keep a log regarding the date and location of pumpouts of sewage from marine sanitation devices, and to provide that a pilot program in new Hanover county shall be designed and implemented by the department of environment and natural resources to begin phasing in the pumpout station requirements.”

Section 1 of this act becomes effective July 1, 2010, and contains the following requirements:

"§ 77-127. Department of Environment and Natural Resources establish pumpout facility criteria; inspection of pumpout facilities and vessels docked or moored at a marina.

(a) The Department of Environment and Natural Resources shall establish appropriate criteria for pumpout facilities and pumpout services provided at large vessel marinas that offer docking services to the general public. The criteria shall include requirements that the facility or services be available to the public, the pumpout facility be open during normal hours, and the pumpout

facility be used for its intended purpose. The criteria also shall include a requirement that these marinas maintain records regarding the pumpout facility or services. The Department also shall develop guidelines for inspections of pumpout facilities at such marinas and of vessels that are docked or moored at these marinas.

(b) The Department also shall establish appropriate criteria for pumpout facilities and pumpout services provided at privately owned large vessel marinas that do not offer docking services to the general public. The criteria shall include requirements that the facility or services be made reasonably available to members of the private marina and the pumpout facility be used for its intended purpose. The criteria also shall include a requirement that these marinas maintain records regarding the pumpout facility or services. The Department also shall develop guidelines for inspections of pumpout facilities at such marinas and of vessels that are docked or moored at these marinas.

"§ 77-128. Vessel owner and operator required to keep log of pumpout dates.

(a) Any owner or operator of a vessel that has a marine sanitation device shall maintain a record of the date of each pumpout of the marine sanitation device and the location of the pumpout facility. Each record shall be maintained for a period of one year from the date of the pumpout.

To see the full state law, click here:

<http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1378v6.pdf>.