



FORUM

Peter Hellwig

<< OPINION

Eco-safe solutions – good for the environment, good for business

When we think of our involvement in the marine market, those of us “in the know” always pride ourselves as the chosen ones who operate in a very unique market — one with nostalgia, pride, and luxury. It’s different ... it’s unique. We’ve heard it all when it comes to how lucky we are. However, things are changing quite a bit in today’s marine environment, especially for those who own and operate marinas, dry stack facilities, shipyards, boat storage lots, maintenance facilities, among others dealing with boats and the people that operate them — recreational and commercial.

In today’s market we are actually involved in something dramatically different — an ongoing real estate transaction. While the property values of our marine operations are escalating because of the increasing scarcity of waterfront real estate, the risk and exposure associated with this visibility increases exponentially. As a result, we find ourselves in a position of mitigating risk and reducing exposure.

During the early half of 2006, the Environmental Protection Agency announced it will actively target and monitor the marine environment with greater vigor throughout the next three to five years. The EPA and its local/regional counterparts have already clamped down on marine operations throughout some of the industry’s largest markets: California, Michigan and Florida, among others. Recently, a representative of Marina’s Choice called on 10 marinas in Michigan, all of which have recently been visited by the Michigan Department of Environmental Quality. Environmental officials are making their presence known at all levels of the marine market. This editorial is neither intended to dissuade nor criticize the activities of the EPA and its regional associates, but to honor their interest in assisting us in preserving our valuable waterfront assets and the ecology associated with them. Clearly, if we haven’t received a visit from them already, we will imminently.

After all, the facilities we operate deal with the most precious resource available to us: water. This is certainly not a scare tactic, but, rather something to which we need to pay particular attention. There is so much the marine owner/operator is already doing to prevent

certain types of contamination. Some are reclaiming rinse water, others are reclaiming the barnacles and zebra mussels scraped from boat bottoms, among other activities (some of which are compliance-related, others might be overkill). However, these are part of the day-to-day operations at a marina. But we do not commonly let the customers know what they can do to protect our valued asset: our waterfront.

Given the enhanced government scrutiny, the chemical products used by our service operations and our customers have now become a liability.

The toxins generated by these activities have serious financial ramifications to our real estate transaction. After all, nearly everything marine facilities and boat owners do to maintain their assets utilizes some sort of chemical. These chemicals seep into our soil and the adjacent waterways. The property owner may be left bearing the financial burden once governance is

exerted, alternately passing these burdens on to the customer, not to mention any devaluation of real estate.

Consider all the products that have been targeted for control during the past several years, including bottom paints. Even barnacles that are removed from the bottoms of boats are now considered hazardous waste in many areas. Moreover, most of the chemicals utilized in our industry contain caustic or hazardous materials or ingredients. Myriad products exist to remove heavy staining, clean decks, paint boat bottoms, control odors in holding tanks, maintain the tanks that our customers pump their waste into, kill mold and mildew (i.e., bleach), wax vessels, among many other service and maintenance products.

While most of us view environmental compliance as an absolute must, we do not wish to be activists pertaining to the governance of activities to the point of disrupting or inconveniencing our livelihood. In general, the awareness of every boater to preserve the marine environment in which he routinely operates is perva-

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sive. However, the aesthetic appeal of the marine assets has always outweighed the willingness to acquire safer products by the consumer and marine facility alike. The use of dangerous chemicals is a common practice, mostly because they're widely perceived as products that get the job done. But the cost impact to us may be subtle yet significant — environmental cleanup, workers' comp claims and costs, liability insurance, legal actions from customers, just to name a few. So, what are the options?

We can adopt new products. While in the past there have been a number of attempts to launch "environmentally friendly" products, one hurdle has historically plagued the industry — that "environmentally friendly" products are perceived to be inferior in performance to those typically known to be effective, but contain caustic or hazardous chemicals. We call this the "30-30-30 Rule" ... "environmentally friendly" products of the past cost 30 percent more, are 30 percent less effective, and we need to work 30 percent harder. Why would we consider these products?

The evolution of "eco-safe" products

has arrived to replace "environmentally friendly" products. These are products that are completely safe rather than simply "biodegradable" (everything, if you wait long enough, is essentially biodegradable). The natural ingredients that have been developed as chemical platforms are as effective, if not better than many high performance chemicals historically utilized by boat owners, marine owner, operators and service providers.

Furthermore, the developers of these products have been able to engineer these new age "eco-safe" products with economies of scale. They are

comparable in cost, if not more competitive, to existing products. Therefore, what is available to us are risk mitigation and reduction in exposure "solutions" without increased costs and sacrificing performance.

The environmental issues are risks we cannot afford to ignore. It's not just about a fine imposed by the EPA and its regional counterparts that can have substantial property valuation repercussions. Protecting our properties and investments by integrating eco-safe solutions will make for sustainable and more profitable operations that ensure longevity.