

# MEETING MINUTES

## STATE OF WASHINGTON ~ BOARD OF PILOTAGE COMMISSIONERS

November 10, 2016

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### Present:

Chair: Sheri Tonn Vice Chair: Ned Kiley

Commissioners: Chuck Adams, Grant Stewart, Phil Morrell, Don Mayer, Ed Marmol, Sara Thompson  
and *Eleanor Kirtley (by phone)*

Administration: Jaimie Bever, Shawna Erickson, Peggy Larson

Mike Moore and Jordan Royer: Pacific Merchant Shipping Association

David Grobschmit, Ivan Carlson, Peter Giese, Stuart Mork, Scott Anacker, Mike Anthony, Dave Sanders,  
Eric vonBrandenfels, John Harris, Linda Styrk, Patricia Moore, Teresita Torres, Mark Hale:  
Puget Sound Pilots

Lou Paulsen: The Northwest Seaport Alliance

Gary Nelson: Port of Grays Harbor

Michael Titone: Columbia River Bar Pilots

Anne McIntyre and Rick Gill: Columbia River Pilots

Kate Mickelson and Hannah Zaayer: Columbia River Steamship Operators' Association

Del Kelly and Mike Gavin: Retired Pilot, PSP

David Melin: Pilot Applicant

Ray Paetzold and Peter McIsaac: San Francisco Bar Pilots

Craig Lee, Loren Lee, Mauri Shuler: Public

*Peter Hart: ILWU (by phone)*

### **PUBLIC HEARING – Call to Order**

A public hearing of the Board of Pilotage Commissioners was convened at 11:00 a.m. by Chair Sheri Tonn in the Agate Conference Room, 2901 Third Avenue, Seattle, Washington.

**WAC 363-116-300: PILOTAGE RATES FOR THE PUGET SOUND PILOTAGE DISTRICT.** RCW 88.16.035(1)(e) requires the Board of Pilotage Commissioners to annually fix pilotage tariffs. Financial data presented prior to this tariff hearing includes the PSP 5-year Capital Spending Plan, their 2015 audited financial statement, in addition to some current-year unaudited data. The proposed rule reflects a range of across-the-board tariff adjustments as well as text amendments as follows:

- Apply an across-the-board adjustment in a range between a decrease of 3% and an increase of 7% excluding the *Transportation to Vessels on Puget Sound* category and the *Training Surcharge* category
- Change the title "*Delinquent Payment Charge*" to "*Payment Terms and Delinquent Payment Charge*" and replace current text with "*Payment terms are cash. Payment terms may be extended to 30 days with approval of credit. A 1½% per month delinquent payment charge will be assessed on unpaid balances over 30 days from date of invoice*"
- Change the title "*Transportation to Vessels on Puget Sound*" to "*Transportation to and from Vessels on Puget Sound*"

Puget Sound Pilots' proposal to increase the tariff across-the-board by 7% is based on its desire to produce adequate revenue for operations and to provide safe, reliable pilotage service. This increase would cover anticipated costs for pilot boat maintenance, specialized pilot continuing education, the purchase of upgraded computer and telecom equipment, preventative maintenance to the Port Angeles pilot station facility, competitive total compensation for pilots, and an anticipated increase in staff compensation along with other items.

The Pacific Merchant Shipping Association's proposal to decrease the tariff across the board by 3% is based on reported revenue which exceeded the 2% target set by the Board at the 2015 tariff hearing. Revenue per assignment significantly increased by 8% YTD and over 7% for the tariff year. PMSA believes the surplus tariff revenue should more than cover projected PSP expenses while also providing higher compensation for pilots. Additionally, ports are in an intense competition for cargo with the

industry in financially difficult times with a major bankruptcy and financial losses leading to alliances and consolidation making port competition even more intense and all port call costs matter.

The Northwest Seaport Alliance offered its position that the tariff remain unchanged at this time in combination with the elimination of the Bridge Charges category; and with future consideration given to a simpler rate structure to provide rate and revenue stability while promoting operational efficiencies.

Oral testimony on behalf of the Puget Sound Pilots was presented by Linda Styrk, David Grobschmit and Ivan Carlson; on behalf of the Pacific Merchant Shipping Association by Captain Mike Moore and Jordan Royer; and on behalf of The Northwest Seaport Alliance by Lou Paulsen. Written comments are available upon request. Following these presentations, a panel comprised of these same stakeholders participated in a Q&A with the Board. Additional testimony was offered by retired PS pilot, Captain Del Kelly with regard to PSP retirement distribution issues which the Board will take up with its legal counsel.

The public hearing was closed by Chair Tonn at 2:00 p.m.

**REGULAR MEETING - Call to Order**

The regular meeting of the Board of Pilotage Commissioners was convened at 2:00 p.m. by Chair Sheri Tonn in the Agate Conference Room, 2901 Third Avenue, Seattle, Washington.

**Consideration of Preceding Hearing: WAC 363-116-300.** All written and oral testimony was reviewed and considered by the Board. Motion: Stewart/Morrell – file a new 2017 Puget Sound Pilotage District tariff which reflects no change to the current tariff. Motion to amend: Marmol/X – increase the tariff by 3% - Failed due to the lack of a second. The original motion carried with a vote of six in favor and two opposed. The effective period of the new tariff is from 0001 hours on January 1, 2017 through 2400 hours on December 31, 2017. (2:07 p.m.)

**Minutes.** Motion: Marmol/Adams – approve the October 20, 2016 Minutes as written – Carried.

**BPC Staff Report.**

- Board-Designated Physician Marc Cordova, MD has announced his March 2017 retirement. Staff will pursue finding a replacement.

**BPC Chair Report.**

- At our next meeting USCG personnel will be presenting a video of an event that occurred this past July involving a cruise ship and a ferry in Elliott Bay.

**NEW BUSINESS**

**Approval of Pilot License Upgrade Program.** Captain Scott Anacker is nearing completion of his fifth license year and Captain Kelleher is nearing completion of his first license year. Motion: Mayer/Stewart – approve the license upgrade programs for Captains Anacker and Kelleher as drafted by the TEC – Carried.

**Determination of 2017 Board Meeting Schedule.** Motion: Marmol/Morrell – set the annual 2017 Board meeting schedule for every third Thursday of the month except November and December which will be held on the second Thursday - Carried.

**Consideration of Request for Vessel Exemption:**

**Motor Yacht POLAR BEAR** – 93’, 216 gt, New Zealand registry, Captain Tyler Glancie  
Motion: Kiley/Thompson – grant an annual renewal of exemption – Carried.

**Pilot’s Report of Marine Safety Occurrence: MSC ONELLA, 10-05-16**

Seattle, Inbound	Equipment malfunction on the winch drum caused the tug crew to have trouble reeling in their line. The tug was replaced and the vessel docked successfully at Terminal 37.	Navigational Safety Concern	<u>Motion:</u> Marmol/Kiley File as a Marine Safety Occurrence – Carried.
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**Pilot’s Report of Marine Safety Occurrence: LIGARI, 10-18-16**

Tacoma, Outbound to Seattle	Loss of propulsion was caused by faulty suction valve in the fuel supply. The valve was replaced and the vessel proceeded without any further issues.	Navigational Safety Concern	<u>Motion:</u> Marmol/Kiley File as a Marine Safety Occurrence – Carried.
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**Pilot's Report of Marine Safety Occurrence: *HYUNDAI TOKYO, 10-21-16***

Seattle, Outbound	Loss of power was caused by restricted fuel flow to the main engine. 3 tugs were called in to help get the vessel to Yukon Harbor for anchoring. The vessel was anchored successfully.	Navigational Safety Concern	<u>Motion</u> : Marmol/Kiley File as a Marine Safety Occurrence – Carried.
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**Committee Reports.**

**Trainee Evaluation Committee:**

- The TEC met on November 8<sup>th</sup>.
- Training Program progress was reviewed for all current trainees: Captains Henderson, Rounds, Hunter, Myers, Vestal and Kridler. Captain Hunter attended the meeting.

**Legislative/WAC Committee:**

- This committee plans to meet in December.

**Diversity Committee:**

- This committee plans to meet in December.

**Training Program Evaluation Committee:**

- Dr. Hertz will be attending the next meeting set for Monday, November 14<sup>th</sup>.

**Review of Pilot/Trainee Physical Examination Reports.** Motion: Marmol/Kiley - accept the physicians' reports for Captains S.E. Moreno, E.C. Klapperich, F.E. Engstrom, J.T. Galvin, J.A. Hannuksela, E.M. vonBrandenfels, L.P. Emerson and J.E. Arnold for annual pilot license renewal – Carried with one abstention from Commissioner Kirtley.

**Activity Reports.** Gary Nelson representing the Port of Grays Harbor offered current and projected statistical data as well as updates on current maritime activities. Lou Paulsen representing The Northwest Seaport Alliance and Linda Styrk representing the Puget Sound Pilots submitted written reports.

**Confirmation of Next Regular Meeting Dates.** Motion: Kiley/Stewart – cancel the December 15, 2016 meeting - Carried. The next regular meeting date is set for January 19, 2017.

There being no further business to come before the Board, Chair Tonn adjourned the regular session Board meeting at 2:45 p.m.

Respectfully submitted,

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Peggy Larson, Executive Director

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Sheri J. Tonn, Chair

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Edmund I. Kiley, Vice Chair

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Commissioner Charles F. Adams

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Commissioner Philip Morrell

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Commissioner J. Grant Stewart

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Commissioner Donald W. Mayer

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Commissioner Edmund Marmol

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Commissioner Eleanor Kirtley

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Commissioner Sara Thompson