

MEETING MINUTES

STATE OF WASHINGTON ~ BOARD OF PILOTAGE COMMISSIONERS

December 13, 2013

Present:

Chairman: Harry Dudley

Commissioners: Norm Davis, Elsie Hulsizer, Chuck Adams, Ned Kiley, Don Mayer, Ed Marmol,
Phil Morrell and Grant Stewart

Administration: Shawna Erickson, Peggy Larson

Jonathan Ward, Peter Giese, Stuart Mork, Dan Shaffer, Jack Bujacich, John Harris, Dave Sanders,
Joe Semler and Walt Tabler: Puget Sound Pilots

Mike Moore, Jordan Royer: Pacific Merchant Shipping Association

Linda Styrk, Clare Gallagher, Bari Bookout: Port of Seattle

Lou Paulsen: Port of Tacoma

Jessica Flennoy: USCG Sector Puget Sound

Tom Coryell: PS Pilot Trainee

Del Kelly, Mike Gavin: Retired Puget Sound Pilots

Mike Titone: Columbia River Steamship Operators Association

Gary Lewin, Wayne Stolz: Columbia River Bar Pilots

Anne McIntyre, Paul Amos, Elaine Truitt: Columbia River Pilots

Bill Greig, Raymond Paetzold: San Francisco Bar Pilots

Alex Johnson, Diane Coryell, Beverly Coryell, Laura Parvi: Public

PUBLIC HEARING

A public hearing of the Board of Pilotage Commissioners was convened at 9:35 a.m. by Chairman Harry Dudley in the Alki Conference Room at 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 used in this tariff hearing includes the previous year's audited financial statement in addition to some current-year unaudited data as well as some late-year projected data. The proposed rule filed with the Code Reviser reflects one new tariff category and a range of adjustments to be charged for pilotage services in the Puget Sound Pilotage District for the 2014 tariff year. It also provides for consideration of possible design changes within the tariff structure.

The proposed rule reflects (1) a new tariff category coupled with an across-the-board tariff decrease and (2) a range of across-the-board tariff adjustments excluding the *Training Surcharge Category* and the *Transportation to Vessels on Puget Sound Category*. Both methods of establishing a tariff are detailed below in order to depict what options the Board will be considering.

1) The Board will consider a new tariff category proposed by PSP called the *Variable Expense Component* (VEC). PSP is proposing a VEC charge to be levied as a flat fee on all assignments other than Zone I jobs which include all harbor shifts, cancellations and second pilot jobs in the waterways. This charge of \$692.00 per assignment is projected to generate \$4,510,000.00 in new revenue to cover VEC expenses. If a VEC is adopted, it would be coupled with an across-the-board tariff decrease of up to 4.5%.

PMSA, the Ports of Seattle, Tacoma and Olympia and Maersk Line are opposed to the addition of this new VEC tariff category. The Board will consider the proposed addition of a VEC charge ranging from \$0.00 (thus not creating this new category) up to the proposed amount of \$692.00 coupled with an across-the-board tariff decrease.

2) The Board will consider an overall range of across-the-board tariff adjustments between a decrease of 8% and an increase of 8% excluding the *Training Surcharge Category* and the *Transportation to Vessels on Puget Sound Category* to which no change is applied and the Transportation Charge portions of the *British Columbia Direct Transit Charge Category* to which an increase of 5% is proposed. The low end of the range is proposed by the Pacific Merchant Shipping

Association (PMSA) and the high end of the range is proposed by the Puget Sound Pilots (PSP). Maersk Line proposes no tariff increase as do the Ports of Seattle, Tacoma and Olympia along with a cap on tonnage and length overall assessments for vessels greater than 1,100 feet in length overall and 110,000 tons.

Subsequent to the filing of this proposed new rule, both PSP and PMSA submitted formal written proposals to the Board. All written documents submitted in accordance with the timetable established for tariff document submission were considered in today's tariff determination in addition to all oral testimony from interested parties and members of the public heard today. Written proposals and comments other than from PSP and PMSA were submitted by the Ports of Seattle, Tacoma and Olympia, Maersk Line and the Port of Grays Harbor. The Board may adopt a rule that varies from the filed rule upon consideration of written and oral testimony, including but not limited to the adoption of a rule reflecting no changes to the current tariff.

Oral testimony on behalf of the Puget Sound Pilots was presented by Walt Tabler and Captain Jonathan Ward and Captain Jack Bujacich. Oral testimony on behalf of the Pacific Merchant Shipping Association was presented by Captain Mike Moore. Lou Paulsen from the Port of Tacoma and Linda Styrk from the Port of Seattle also provided oral testimony. Presentations and rebuttals were made in accordance with previously established "ground rules". The public hearing was closed by Chairman Dudley at 1:20 p.m.

REGULAR MEETING

The regular meeting of the Board was convened at 1:30 p.m. by Chairman Harry Dudley.

Consideration of Preceding Hearing: WAC 363-116-300. All written and oral testimony was reviewed and considered by the Board. Motion: Stewart/Morrell – make the *Boarding Charge* a true user fee by increasing it from \$49 to \$330 and also reduce the remainder of the tariff by 5.7% in all categories except *Transportation to Vessels on Puget Sound*, the *British Columbia Direct Transit Charge* and the *0 to 20,000 gross ton* portion of the *Tonnage Charge Category* and also reduce that same portion of the tariff by an additional 1.5% to correct for one quarter of the unexpected revenue and earnings in the last two years – Failed with a vote of 2 in favor and 6 opposed. Motion: Marmol/Mayer – increase the tariff by 3% in all categories except *Transportation to Vessels on Puget Sound* – Failed with a vote of 2 in favor and 6 opposed. Motion: Adams/Kiley – make no changes to the current tariff except for an 8% increase to the *Boarding Charge* from \$49 to \$53 and reject the new proposed category called *Variable Expense Component* – Friendly amendment: Mayer – change the 0% (no changes) to a 1% increase across-the-board - the motioner Adams stood on his motion – Failed. Motion to amend: Mayer/Marmol – increase the tariff by 1% in all categories except the *Boarding Charge*, *Transportation to Vessels on Puget Sound*, and the *Training Surcharge* – Failed with a vote of 2 in favor and 6 opposed. Original Adams motion: Carried with a vote of 6 in favor and 2 opposed. Motion: Hulsizer/Adams – file this new tariff under emergency provisions in order for it to take effect when the current tariff expires on December 31, 2013 - Carried. The effective period of the new tariff is from 0001 hours on January 1, 2014 through 2400 hours on December 31, 2014. (2:10 p.m.)

Minutes. The September 10, 2013 and November 15, 2013 Minutes stand approved as written.

NEW BUSINESS

A CLOSED SESSION was called from 2:15 p.m. to 2:30 p.m. to review the training program for Captain Thomas Coryell. In attendance were Commissioners Dudley, Davis, Hulsizer, Adams, Kiley, Mayer, Marmol, Morrell and Stewart; Captain Coryell, Shawna Erickson and Peggy Larson. Regular session was convened by the Chairman immediately following closed session.

Review and Consideration of Licensure of PSPD Pilot Trainee: Captain Thomas Coryell. On behalf of the Trainee Evaluation Committee (TEC) Commissioner Mayer reported that after a thorough review of Captain Coryell's complete *Training Program* the TEC unanimously recommends that he is suitable for licensing as detailed in its letter to the Board dated December 13, 2013. Captain Tom Jacobs surrendered his state license on December 4th which reduced the number of licensed pilots in the PSPD to 53. Motion: Mayer/Davis – upon the TEC's recommendation, issue Washington state pilot license #189 to Captain Thomas Coryell – Carried. This brings the number of licensed pilots in the PSPD back up to 54, the set number.

Consideration of Request for Vessel Exemption:

Motor Yacht TRITON – 163’, 527 gt, Marshall Islands registry, Captain Paul Johns.

Motion: Adams/Davis – concur with Chair’s granting of an exemption for sea trials only – Carried.

Pilot’s Report of Marine Safety Occurrence: ANJA KIRK, 11-5-13

4 miles NE of Port Angeles Harbor	Reduced speed necessary due to a leaky boiler circulating pump exhaust pipe.	Navigational Safety Concern	<u>Motion</u> : Mayer/Hulsizer File as a Marine Safety Occurrence – Carried.
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Pilot’s Report of Incident: PS Pilot V. Engstrom, 2nd Pilot Bujacich – ZIM LOS ANGELES, 11-2-13

Washington United Terminal, Tacoma	Commissioner Captain Don Mayer investigated the incident and reported his findings to the Board: “During the final seconds of landing the vessel, the pilot did not understand what one of his (four) tugs was doing”, resulting in a landing at an unintended angle. This caused the transom to contact the unprotected cement portion of WUT #1 between the northern-most two fenders.	<u>Motion</u> : Davis/Kiley File as an Incident with damage, with pilot error, with a notation that wharf protection is substandard and damage could have been averted with better-engineered protection of the wharf face, further the Board take no action in accordance with RCW 88.16.100 regarding a reprimand, fine and/or suspension or revocation of his license – Carried.
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Committee Reports.

Trainee Evaluation Committee:

- The TEC met on December 10.
- Training Program progress was reviewed for Captains Coryell, White, Surface, Coleman, Galvin, Lichty, Jensen, Lowe and Carstensen.
- There is an indication that the next pilot exam may need to be scheduled in 2015 rather than 2016. Chair Dudley asked PSP to conduct a new retirement survey for review and consideration of putting out an early exam pre-notice.

Legislative/WAC Committee: Commissioner Adams solicited input for drafting WAC amendments.

Tariff Policy Committee: Chair Dudley is looking forward to furthering the work of the committee toward substantive tariff procedure and structure reform with stakeholder and Commissioner input. Lou Paulsen commented that he hopes the objective of the committee’s work is to ensure that safe pilotage is adequately funded and to support the competitive position of our Ports and promote our region’s competitive position.

Activity Reports. Gary Nelson, representing Port of Grays Harbor, submitted a written recap of monthly and y-t-d activity.

Legal Update. Chair Dudley reported that Tad Robinson-O’Neill of the Attorney General’s Tort Division will now be the lead attorney on the Captain Bruce Nelson administrative case.

BPC Staff Report. The 30-day window in which Captain Coe has to request a hearing to challenge the Board’s decision to issue him a letter of reprimand expires on December 17th, after which time the letter will be sent. The Board has received payment of the fine.

Confirmation of Next Regular Meeting Dates. The next two regular meetings are confirmed for Tuesday, January 21st and February 18th commencing at 9:30 a.m., location to be determined.

Review of Pilot/Trainee Physical Examination Reports. Motion: Adams/Stewart - accept the physician’s report for Captain T.D. Coryell for initial pilot licensure – Carried. Captain G.D. Hurt remains unfit for duty.

There being no further business to come before the Board, Chairman Dudley adjourned the regular session Board meeting at 3:35 p.m.

Respectfully submitted,

Peggy Larson, Executive Director

Harry H. Dudley, Chairman

Norman W. Davis, Vice Chairman

Commissioner Elsie J. Hulsizer

Commissioner Charles F. Adams

Commissioner Edmund I. Kiley

Commissioner Donald W. Mayer

Commissioner Edmund Marmol

Commissioner Philip Morrell

Commissioner J. Grant Stewart