

MEETING MINUTES

STATE OF WASHINGTON ~ BOARD OF PILOTAGE COMMISSIONERS

May 14, 2015

Present:

Chairman: Harry Dudley

Commissioners: Scott Ferguson, Sheri Tonn, Chuck Adams, Ned Kiley, Phil Morrell, Grant Stewart,
Don Mayer, Ed Marmol

Administration: Shawna Erickson, Peggy Larson

David Grobschmit, David Sanders, Stephan Moreno, Peter Giese, Andy Coe, Ivan Carlson, Stuart Mork,
Larry Emerson, Walt Tabler: Puget Sound Pilots

Mike Moore, Jordan Royer: Pacific Merchant Shipping Association

Bari Bookout: Port of Seattle

Lou Paulsen: Port of Tacoma

Bill Rich: Polar Tankers

Rick Gill: Columbia River Pilots

Michael Titone, Gary Lewin, Wayne Stolz: Columbia River Bar Pilots

Katelyn Kinn: Puget Soundkeeper Alliance

Jessica Spiegel: Western States Petroleum Association

Mark Powell: Washington Environmental Council

Brent Dibner: Dibner Maritime Associates

Loren Lee, Trina Moore, Nora Tabler, Matt Tabler: Public

PUBLIC HEARING

A public hearing of the Board of Pilotage Commissioners was convened at 9:40 a.m. by Chairman Harry Dudley in the Rainier 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 presented prior to this tariff hearing includes the PSP 5-year Capital Spending Plan, the 2014 audited financial statement, in addition to some current-year unaudited data. The filed rule was jointly proposed by stakeholders Pacific Merchant Shipping Association, Puget Sound Pilots and the Ports of Tacoma and Seattle (aka the P-4) who support the group of changes below.

The proposed rule reflects a range of across-the-board tariff adjustments between a decrease of 12% and an increase of 12% excluding the *Training Surcharge Category* and the *Transportation to Vessels on Puget Sound Category*. It is intended that the Board have the ability to consider the options set out below to achieve the equivalency of any across-the-board tariff adjustment that the Board deems appropriate within this range.

The following tariff elements include potential changes in tonnage charges on certain assignments and possible adjustments to the lower and upper tiers of tonnage charges. It is intended that the following potential adjustments be considered with any mix of tariff elements (a) through (e) providing options to achieve the decision on element number (1):

1) An across-the-board change in all tariff charges excluding the *Training Surcharge Category* and the *Transportation to Vessels on Puget Sound Category* in the range of -12% to +12%; implemented as an across-the-board change or by any combination of the following elements:

a. A minimum tonnage charge of \$0 to \$1,800 applicable to Zone I assignments not including Zone I assignments involving a second pilot;

b. A minimum tonnage charge of \$0 to \$1,800 for Zone II and above assignments for vessels with less than 15,000 horsepower given the longer pilotage times involved;

c. A change in the bottom tier of Tonnage Charges 0 to 20,000 gross tons to increase the maximum for this tier from the current \$168 to achieve all or part of the Board's general rate increase or decrease, shown as -12% to +50%;

d. A change in the top tier of Tonnage Charges 50,000 gross tons and up to potentially offset increases in other categories; and

e. Other adjustments in the tariff structure that could be made in addition, or as an alternative, to across-the-board charges, which are jointly raised by the parties in submissions subsequent to this filing.

Proposed new language inserted under the “Tonnage Charges” Category:

“Notwithstanding the above tonnage charges, there shall be a minimum tonnage charge of \$0 to \$1,800 applied to:

- 1) All LOA Zone I assignments other than assignments of an additional pilot(s) on ship movements involving more than one pilot jointly piloting the vessel; and
- 2) All LOA Zone II and greater assignments for vessels rated at less than 15,000 horsepower or under tug escort.”

Subsequent to the filing of the above proposal, the P-4 reached an impasse on one of their goals, being the development of a unified and concise recommendation to the Board. Anomalies regarding the recent change in vessel traffic and revenue-per-assignment somewhat due to the spring labor slowdown, along with parity in pilot income/benefits were just a few of the major issues under debate. Oral testimony on behalf of the Puget Sound Pilots was presented by Walt Tabler and Brent Dibner; on behalf of the Pacific Merchant Shipping Association – Captain Mike Moore; Western States Petroleum Association – Jessica Spiegel; Washington Environmental Council – Mark Powell; Puget Soundkeeper Alliance – Katelyn Kinn; Port of Seattle - Bari Bookout; and Port of Tacoma - Lou Paulsen.

The public hearing was closed by Chairman Dudley at 12:25 p.m.

REGULAR MEETING - Call to Order

The regular meeting of the Board of Pilotage Commissioners was convened at 12:25 p.m. by Chairman Harry Dudley in the Rainier Conference Room, 2901 Third Avenue, Seattle, Washington.

OLD BUSINESS

Discussion and Possible Resolution Concerning Setting the Number of Pilots in the Puget Sound Pilotage District as provided in WAC 363-116-065. After hearing today’s tariff testimony relating to revenue distribution, Commissioner Adams asked that this matter be considered prior to the tariff determination. Motion: Adams/Tonn – reduce the number of licensed pilots in the Puget Sound Pilotage District from 53 to 52 through attrition - Carried. This item will remain on the agenda while tracking various data into the fall.

REGULAR MEETING

Consideration of Preceding Hearing: WAC 363-116-300. All written and oral testimony was reviewed and considered by the Board. Motion: Tonn/Marmol – increase the current tariff by 4% over the 2014 revenue amount of \$31,439,243 in whatever manner is agreed to by the P-4 during a 90-minute breakout session, and in keeping with the CR-102 provisos. If no joint proposal is reached then the 4% will be spread across-the-board – Friendly amendment: Kiley – change the 4% to a 3% increase with all of the same details outlined in the original motion - the motioner Tonn stood on her motion – Failed. Motion to amend: Kiley/X – change the 4% to a 3% increase with all of the same details outlined in the original motion – Failed due to the lack of a second. Motion to amend: Mayer/Marmol – change the 4% to a 6% increase with all of the same details outlined in the original motion – Failed with a vote of 3 in favor and 5 opposed. Motion to amend: Ferguson/Adams: change the 4% to a 2% increase with all of the same details outlined in the original motion – Carried with a vote of 5 in favor and 3 opposed. Amended original motion: increase the current tariff by 2% over the 2014 revenue amount of \$31,439,243 in whatever manner is agreed to by the P-4 during a 90-minute breakout session, and in keeping with the CR-102 provisos. If no joint agreement is reached then the 2% increase will be spread across-the-board – Carried with a vote of 5 in favor and 3 opposed. (Break from 12:45 to 2:00.)

Speaking on behalf of the P-4, Bari Bookout stated that the 2% increase to the 2014 revenue results in approximately (rounded up) \$656,000 and in order to achieve that increase, and based on hind casting, not forecasting, they recommend additional language to the “*Tonnage Charges*” Category as follows:

“Notwithstanding the above tonnage charges, there shall be a minimum tonnage charge of \$500.00 applied to:

- 1) All LOA Zone I assignments other than assignments of an additional pilot(s) on ship movements involving more than one pilot jointly piloting the vessel; and
- 2) All LOA Zone II and greater assignments.”

Motion: Tonn/Morrell – adopt the above recommended change to the tariff – Carried unanimously. The effective period of the new tariff is 0001 hours July 1, 2015 through 2400 hours June 30, 2016. (2:15 p.m.)

Minutes. The April 16, 2015 Minutes stand approved as written.

NEW BUSINESS

Review and Consideration of Licensure of PSPD Pilot Trainees: Captains Brad Lowe and Jim Carstensen. On behalf of the Trainee Evaluation Committee (TEC) Commissioner Mayer reported that after a thorough review of Captain Lowe’s and Captain Carstensen’s complete Training Program the TEC unanimously reports that they have successfully completed the first three shipboard sections of their Training Program Agreement, as detailed in its letters to the Board dated May 14, 2015. Further they recommend post-training programs for each, in order to provide a PPU training opportunity while continuing to complete their federal pilotage endorsement requirements. Motion: Mayer/Kiley – that Captain Brad Lowe’s and Jim Carstensen’s Training Program Agreements be amended to include a new “Section 4 – PPU Training” - Carried. Motion: Mayer/Tonn – offer Captains Lowe and Carstensen each a one-time additional training stipend of up to \$2,400 toward the cost of PPU Training – Carried.

Consideration of Request for Vessel Exemption:

Motor Yacht TOROA – 88’, 74 gt, Cayman Islands registry, Captain Dustin Bumgardner
Motion: Stewart/Kiley – concur with Chair’s granting of a one-year exemption – Carried.

Motor Yacht KYA – 71’, 119 gt, Marshall Islands registry, Captain Michael Wilkinson
Motion: Stewart/Kiley – concur with Chair’s granting of an annual renewal of exemption – Carried.

Motor Yacht INVADER – 164’, 608 gt, Cayman Islands, Capts. Jaimie Wakeham & Patrick Batchelder
Motion: Stewart/Kiley – concur with Chair’s granting of a one-year exemption – Carried.

Motor Yacht REST ASSURED – 92’, 153 gt, Cayman Islands, Capts. John Chabala & James Slattery
Motion: Stewart/Kiley – concur with Chair’s granting of a one-year exemption – Carried.

Motor Yacht ISLANDER – 84’, 155 gt, Cayman Islands registry, Captain David Hayes
Motion: Kiley/Marmol – grant an annual renewal of exemption – Carried.

Pilot’s Report of Marine Safety Occurrence: NORTH STAR, 4-15-15

TC Buoy, Tacoma	Pilot took action to alter course due to a non-responsive fishing vessel heading across the ship’s bow.	Near Miss	<u>Motion:</u> Marmol/Morrell File as a Marine Safety Occurrence – Carried.
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BPC Staff Report.

- Month-end spreadsheets of pilot statistical data were distributed.
- ESHB 1449 is on the Governor’s desk for signature today.
- The Regional Pilotage Authority Conference is once again in limbo due to many other more pressing matters.

Committee Reports.

Trainee Evaluation Committee:

- The TEC met on May 12.
- Training Program progress was reviewed for all current trainees: Captains Surface, Kelleher, Henderson, Furst and Rounds.
- A Train-the-Trainer class for all new pilots licensed since the last T-t-T class in 2012 is scheduled for June 2nd in Seattle.
- The projected PSP retirement schedule was reviewed with an eye toward when to admit more trainees into a training program.

Legislative/WAC Committee: HB 1449, SB 5057, SB 5087, SB 5834 and SB 5686.

- Commissioner Ferguson briefed the Board on the *Oil Transportation Safety* bill (ESHB1449).

Exam Committee:

- Dr. Norman Hertz, Progeny Systems Corporation has been in discussions with Chairman Dudley concerning a possible analysis of our pilot training programs, similar to what he did with regard to our other programs, the Train-the-Trainer Course.

Activity Reports. Gary Nelson, representing Port of Grays Harbor, Captain David Grobschmit, representing Puget Sound Pilots offered updates on current maritime events.

Review of Pilot/Trainee Physical Examination Reports. Motion: Tonn/Marmol - accept the physicians' reports for Captains D.W. Grobschmit and J.E. Kalvoy for annual pilot license renewal – Carried. Captain J.K. Ward remains unfit for duty since 9/8/14.

Correspondence Review. Commissioner Ferguson presented the concept of adopting a Safety Advisory Bulletin related to fuel switching and propulsion loss avoidance, as well as updating an existing Board SAB related to anchoring issues. He will present a draft for consideration at the next meeting.

Commissioner Comments. Commissioner Ferguson offered to work with the P-4 to help perform a data analysis of our various spreadsheets with regard to tariff setting, i.e. forecasting vs. hind casting. He recommended a book for all to read called “*Understanding Variation – The Key to Managing Chaos*” by Donald Wheeler.

Confirmation of Next Regular Meeting Dates. Motion: Kiley/Mayer – cancel the June 18th Board meeting – Carried. The following regular meeting is set for July 16, 2015, at 2901 3rd Avenue, Seattle.

There being no further business to come before the Board, Chairman Dudley adjourned the regular session Board meeting at 2:55 p.m.

Respectfully submitted,

Peggy Larson, Executive Director

Harry H. Dudley, Chairman

Scott J. Ferguson, Vice Chairman

Commissioner Sheri J. Tonn

Commissioner Charles F. Adams

Commissioner Edmund I. Kiley

Commissioner Philip Morrell

Commissioner J. Grant Stewart

Commissioner Donald W. Mayer

Commissioner Edmund Marmol