

MEETING MINUTES

STATE OF WASHINGTON ~ BOARD OF PILOTAGE COMMISSIONERS

June 10, 2010

Present:

Chairman: Harry Dudley

Commissioners: Ned Kiley, Pat Hannigan, Dick McCurdy, Craig Lee, Doug Coburn,
Norm Davis and Elsie Hulsizer

Administration: Shawna Erickson, Peggy Larson

Andy Coe, Walt Tabler: Puget Sound Pilots

Mike Moore, Jordan Royer, Vince Addington: Pacific Merchant Shipping Association

Gary Nelson, Mary Nelson: Port of Grays Harbor

Ron Kinsey: USCG Sector Seattle

Andrew Gauthier: Crowley Marine Services

Mike Gavin, Bill Bock: Retired Puget Sound Pilots

PUBLIC HEARING

A public hearing of the Board of Pilotage Commissioners was convened at 9:30 a.m. by Chairman Harry Dudley at 2901 Third Avenue, Seattle, Washington.

WAC 363-116-185: Pilotage Rates for the Grays Harbor Pilotage District. RCW 88.16.035(4) requires the Board of Pilotage Commissioners to annually fix pilotage tariffs. The filed rule as proposed by the Port of Grays Harbor reflects an effective overall increase to the tariff of 0.8% or \$45 per pilotage job to be charged for pilotage services in the Grays Harbor Pilotage District for the 2010-2011 tariff year, as specified in the following tariff category:

“Pension Charge - proposed \$45 increase per pilotage assignment, including cancellations”

The filing was based on a written proposal dated May 11, 2010 submitted by Gary Nelson, Executive Director of the Port of Grays Harbor, which details the request for rule amendments. The revised pension charge proposed to increase from \$226 to \$271 per assignment is calculated by the Puget Sound Pilots organization who administers the Grays Harbor pension funds for retired GH pilots with service credit prior to October 2001. Current GH pilots are covered by the Washington State Public Employees Retirement System (PERS). The required employer contribution for current pilots to PERS is funded through general tariff charges. The GHP 5-year Capital Spending Plan and 2009 year-end audited Financial Statement, previously submitted to the Board, were also considered in today's tariff determination. Oral testimony in support of the proposal was presented by Mary Nelson for the Port of Grays Harbor. Also testifying was Captain Mike Moore on behalf of the Pacific Merchant Shipping Association who stated they support the proposal.

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 other written and oral testimony from interested parties and members of the public.

The public hearing was closed by Chairman Dudley at 9:45 a.m.

REGULAR MEETING

The regular meeting of the Board was convened at 9:55 a.m. by Chairman Harry Dudley.

Consideration of Preceding Hearing: WAC 363-116-185. All written and oral testimony was reviewed and considered by the Board. Motion: Hannigan/Hulsizer – provide a new 2010-2011 tariff which reflects an increase to the *Pension Charge* Category of \$45.00 which effectively increases the overall tariff by 0.8% – Carried.

The effective period of the new tariff is from 0001 hours on August 1, 2010 through 2400 hours on July 31, 2011. (10:00 a.m.)

Minutes. Motion: Hannigan/Kiley – approve the May 19, 2010 Minutes with the following two corrections: (1) regarding the matter of the MSO Report on the *HORIZON TACOMA*, change Elliott Bay to Tacoma Harbor and (2) regarding the Trainee Evaluation Committee report, only Captain Scragg is nearing completion of his training program, not both Captains Scragg and Bouma - Carried.

OLD BUSINESS

Pilot's Letter Report: *FURIA R, 11-5-09.* The *FURIA R* Investigative Report from Sussman Consulting was presented to the Board on May 19, 2010. A second investigative report is currently being prepared by Sussman Consulting involving Captain Stephen Cooke in a subsequent event and will be submitted to the Board within a couple of weeks. Both of these matters will be considered at the next Board meeting.

NEW BUSINESS

Issuance of Pilot Trainee License for Captain Mike Anthony. Captain Mike Anthony has accepted his Board-approved training program. Motion: Lee/McCurdy - the Board shall issue Captain Mike Anthony *Trainee License #26* intended for commencement of training on July 1, 2010 – Carried.

Consideration of Request for Vessel Exemption:

Motor Yacht *PIANO BAR* – 121', 342 gross tons, Cayman Islands registry, Captain Walter S. Rousseau. Motion: Lee/Davis – concur with Chair's granting of interim annual renewal – Carried.

Sailing Yacht *SILVERTIP B.* - 112', 114 gross tons, United Kingdom registry, Captain Blair MacLeod. Motion: Lee/Davis – concur with Chair's granting of interim three-month exemption – Carried.

Motor Yacht *PELAGIAL* – 70.5', 76 gross tons, Marshall Islands registry, Captain Julian Carter. Motion: Lee/Davis – concur with Chair's granting of interim annual exemption – Carried.

Motor Yacht *KAUHALE KAI* – 90', 156 gross tons, Marshall Islands registry, Captain Mark Rushworth. Motion: Lee/Davis – concur with Chair's granting of interim three-month exemption – Carried.

Motor Yacht *EVVIVA* – 164', 492 gross tons, Cayman Islands registry, Captains Joe Trailer and Nicholas Bengé. Motion: Lee/Davis – concur with Chair's granting of interim annual renewal – Carried.

Pilot's Report of Marine Safety Occurrence: *ATB SKIPJACK, 5-14-10.* After departing the Shell Dock in Anacortes for Guemes Channel the *ATB SKIPJACK* experienced propulsion difficulties. Air filters were changed but the problem persisted. After exiting the channel the vessel went to anchor in Port Angeles Harbor. VTS was contacted and the vessel was ordered to remain anchored until repairs were made. Motion: Lee/Hulsizer - File as a Marine Safety Occurrence - Carried.

Review and Consideration of the Board's Budget Status. A written and oral analysis was presented by staff approximating the Board's mid-biennium budget status. Due to unanticipated legal expenditures and other related costs, the Board's budget is overspent significantly. Projected expenditures for the next 3-6 months will continue to exceed budget limitations. Motion: Lee/Hulsizer – increase the annual pilot license fee to \$8,000 per pilot to take effect immediately, under emergency provisions, in order to generate Board operating revenue – Withdrawn. Commissioner Hannigan expressed opposition and suggested the Board look at all possible revenue sources in accordance with standard rule-making procedures. Motion: Lee/Hulsizer – file a CR-101 for purposes of notifying the public of the Board's intent to generate additional operating revenue for its continued conduct of business by possibly raising pilot license fees and passenger vessel and yacht exemption fees, initiating a trainee license fee, and/or raising the training surcharge after analysis of its intended use other than to support the trainee stipend program - Carried.

Committee Reports.

Trainee Evaluation Committee:

- The TEC met on June 9
- Training Program status was reviewed for trainees Caspers, Scragg, Anacker and Bouma

- Captain Anacker resumed training after a 4.5 month break and will opt for the stipend on July 1
- Motion: Hannigan/Lee - pass Captain Bouma out of the initial evaluation phase - Carried
- Captain Scragg may be ready for licensing consideration by the next Board meeting
- Captain Caspers began a second training program extension June 1, detailed in a May 27 letter
- The TEC is exploring all aspects of the development and administration of the next Grays Harbor pilot exam and pilot training program
- Grays Harbor Pilot, Captain Stephen Cooke, has not yet completed the specified license upgrade requirements necessary to lift the fourth and fifth-year tonnage limitations from his state license. When his license renews on July 14, 2010, it will retain those limitations.

Legislative/WAC Committee: There was no activity to report at this time.

Activity Reports. Gary Nelson, representing Port of Grays Harbor, reported there have been 31 arrivals (80 jobs) through the end of May; 69 arrivals (157 jobs) are expected in 2010 compared to 48 arrivals (113 jobs) in 2009; increased vessel activity is due to four new shipping partners for bulk, breakbulk and ro-ro cargo; Captain Cooke is on duty this month; and the new liquid bulk shipping terminal will be dedicated on June 18.

Captain Andy Coe, representing Puget Sound Pilots, reported there were 658 jobs in May 2010; the comp day balance stands at 3,332 days; and both pilot boats are now back in service.

Captain Mike Moore, representing Pacific Merchant Shipping Association, reported that the market share analysis is not available to date but reported that in the Puget Sound area year-to-date arrivals of container ships are down 45, bulkers are up 27 and tankers are also up.

Miscellaneous Correspondence Review. E2SHB 2617, relating to Boards and Commissions, prohibits certain expenditures related to the use of private facilities for conducting business and payment of travel expenses if funded by the state general fund. Our Board is not funded by the state general fund but is strongly encouraged to exercise similar cost-saving measures. The Board will consider telephonic meetings and/or less frequent meetings.

Administrator's Report.

- Staff offered to provide budget status reports as necessary; consensus was for it to be quarterly.
- Biennial budget submittals are currently being prepared by staff and will be shared with Board members later in the process.

Commissioner Comments. Commissioner Craig Lee suggested the Board discuss, at the next meeting, the status of the number of pilots with respect to traffic levels, workload and trainee progression. Lacking a motion to request resolution to change the current number of pilots, this will not be listed as an agenda item, but rather, a general discussion. If the discussion leads to a determination that this is a topic for resolution, it will be listed on the agenda as such at the following Board meeting.

Public Comments. Captain Bill Bock requested that the discussion regarding the Tariff Setting Statement of Policy resume at the next Board meeting. Chairman Dudley concurred.

Confirmation of Next Regular Meeting Date. The next regular meeting is scheduled for Thursday, July 8, 2010 at 9:30 a.m. in the Agate Conference Room, 2901 Third Avenue, Seattle.

Review of Pilot Physical Examination Reports. Motion: Lee/McCurdy - accept the physicians' reports for Captains L.A. Seymour and I.J. Carlson for annual pilot license renewal and Captain M.L. Anthony for initial training licensure - Carried. Captain Stephen Cooke was found fit for duty and returned to work on May 20, 2010. Motion: Lee/Kiley - affirm Chairman Dudley's action to reinstate his license to active status - Carried.

There being no further business to come before the Board, Chairman Dudley adjourned the regular session Board meeting at 12:00 noon.

Respectfully submitted,

Peggy Larson, Administrator

Harry H. Dudley, Chairman

Absent

Commissioner Charles F. Adams

Commissioner Edmund I. Kiley

Commissioner Patrick M. Hannigan

Commissioner Richard F. McCurdy

Commissioner Craig W. Lee

Commissioner Douglas S. Coburn

Norman W. Davis, Acting Vice Chairman

Commissioner Elsie J. Hulsizer