

STATE OF ALASKA  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING  
BOARD OF MARINE PILOTS

MINUTES OF MEETING  
OCTOBER 16, 1991

By authority of AS 08.01.070(2) and AS 08.62.030, and in compliance with the provisions of AS 44.61, Article 6, and AS 44.62.310, a scheduled meeting of the Board of Marine Pilots was held on October 16, 1991 at the Alaska Housing Finance Corporation Building, 520 E. 34th, Anchorage, Alaska.

Wednesday, October 16, 1991

Agenda Item 1

Call to Order/Roll Call

The meeting was called to order at 8:10 a.m. by Bob Watt, Chairman. Those present and constituting a quorum of the board were:

Mr. Russell Sell  
Mr. Keith Greba  
Mr. Bob Watt  
Captain Dale Collins  
Ms. Ann Boudreaux  
Mr. Bill Lorch  
Captain Michael O'Hara

Also present were Gary Amendola, Assistant Attorney General, and JoAnne Cummings, Licensing Examiner. Guests present were:

Michael Spence, Alaska Coastwise Pilots (ACWP)  
Terry Bennett, ACWP  
Steve K. Yoshida, attorney for Southwest Alaska  
Pilots Association (SWAPA)  
Jim Blackmore, Alaska Maritime  
Bill Sharp, Southeast Stevedoring Corp.  
Steve Nielsen, Princess Cruises  
C. Deelstra, Holland America Line  
Ron Valentine, World Explorer Cruises  
T. Spielman  
Jim Wright, SWAPA  
Jim Drahos, SWAPA  
W. E. Murphy, SWAPA  
Jeff Pierce, SWAPA  
Rod Mourant, Senator Pearce's Office  
Will Anderson, Alaska Marine Pilots (AMP)  
Rep. Cheri Davis  
Stuart Mork, AMP  
Jon Runestad, ANP Shipping Co.  
George R. Porter, Southeast Alaska Pilots  
Association (SEAPA)  
Tom Rueter, North Star Maritime Agencies

Agenda Item 2

Review Agenda

On a motion made by Mr. Lorch, seconded by Mr. Sell and carried unanimously, it was

RESOLVED to accept the agenda as presented.

Agenda Item 3

Approve Minutes

On a motion made by Mr. Lorch, seconded by Mr. Sell and carried unanimously, it was

RESOLVED to accept the minutes of the October 1-2, 1991 meeting as presented.

Agenda Item 4

Public Comment

Terry Bennett, ACWP, requested the public comment be allowed after, rather than before, board discussion of tariffs.

Ed Murphy, SWAPA, explained that the issue of tariffs was debated and discussed extensively during the legislative proceedings. Pilots wanted to set tariffs through negotiations with customers, but industry wanted a maximum tariff.

Jim Blackmore, Alaska Maritime Agencies - Seattle, suggested contacting other pilot boards to get a listing of salary ranges to use in setting maximum tariffs. His concern is that the maximum tariff will become the actual tariff charged.

Bill Sharp, Southeast Stevedoring, pointed out that the intent of the legislation was that the maximum tariff be determined by basic pilotage services. The board needs to define basic pilotage services. The proposals that add a percentage to existing tariffs don't comply with the intent of the legislation.

Rod Mourant, representing Senator Pearce and the Senate Labor and Commerce Committee, read from section 7 of the Marine Pilotage Act. There is no mention of pilots' wages as a consideration in setting maximum tariffs.

Steve Nielsen, Princess Cruises, inquired whether trainees would be used as the second pilots on cruise ships. Captain O'Hara stated this would never be the case.

Jeff Pierce, SWAPA, commented that a stable and reliable work force is needed and that high pay is necessary to attract and keep highly qualified pilots. The SWAPA tariff proposal is based on the increase in the Consumer Price Index, a comparison of pilot income in West Coast ports, and increase in operating costs.

Agenda Item 5

Maximum Tariffs, Southcentral Region

A motion made by Mr. Lorch and seconded by Mr. Sell to accept the present tariffs as the maximum tariffs failed by a vote of 1 to 6 with Mr. Lorch voting in favor of the motion.

Mr. Amendola provided information in response to questions from the board on procedures for setting maximum tariffs. He said the board must adopt a maximum tariff but it does not necessarily have to be established region by region. It may be a statewide tariff. He also advised that, by statute, the board must identify the expenses included in its tariff. The board may use the information supplied in proposals from pilot organizations to establish maximum tariffs, but the actual tariff will be set by negotiations between pilot organizations and their customers.

A short recess was taken from 9:48 to 10:03 a.m.

A motion made by Captain O'Hara and seconded by Captain Collins to adopt the maximum tariff proposed by SWAPA failed to pass.

No action was taken by the board on tariffs in the southcentral region.

Agenda Item 6

Public Comment

Ed Murphy, SWAPA, objected to basing the tariff on an hourly bridge time rate. He suggested granting a moderate increase now and forcing petitioners for future increases to justify the increase by presenting financial data according to the criteria in statute.

Representative Cheri Davis clarified the legislative intent regarding maximum tariffs. It was her intent when proposing the legislation to give the board clear authority to set tariffs; the end result in the

legislation was the authority to set a maximum tariff. She suggested the process of setting a maximum tariff should be simple and could be accomplished by selecting a percentage by which to increase the existing tariff.

Jim Blackmore, Alaska Maritime Agencies, stated that though he doesn't speak for all of industry, he feels that industry would agree to a marginal increase with a review after a set period of time, perhaps six months.

Jim Drahos gave information on OPA restrictions.

Tom Rueter, North Star Maritime, spoke on tariffs in Western Alaska where many smaller vessels operate. The tariff there should be based on more than just one trip in and one trip out.

Jeff Pierce, SWAPA, suggested a six month 100% increase over present tariffs. This will allow the pilot organization and industry to negotiate.

Agenda Item 7

Maximum Tariffs - Western Region

Stuart Mork represented Alaska Marine Pilots to answer questions regarding AMP's proposal during the board's discussion of tariffs in Western Alaska.

AMP's proposal uses the present tariff multiplied by 1.8 and adds an additional 5.8 percent increase for each of 4 years to allow for inflation. The out port tariffs contain an added 15% increase.

A short recess was taken from 11:30 to 11:45 a.m.

On a motion made by Captain Collins, seconded by Mr. Greba and carried by a vote of 4-3 with Mr. Lorch, Mr. Watt and Ms. Boudreaux opposed, it was

RESOLVED to adopt AMP's maximum tariff proposal.

Agenda Item 8

Lunch Break (12:20 to 1:50 p.m.)

Agenda Item 9

Public Comment

Michael Spence, Alaska Coastwise Pilots, presented his organization's proposal.

Bill Sharp, Southeast Stevedoring, reviewed the changes in the shipping industry in Southeast Alaska since the present tariffs were established. He also commented on the complicated nature of calculating the present tariff. His research shows there has been a steady rise in the income level of pilots in Southeast Alaska since 1980.

Agenda Item 10

Maximum Tariffs - Southeast Region

George Porter and Richard Gurry represented Southeast Alaska Pilots Association to answer questions on SEAPA's tariff proposal during the board's discussion.

The SEAPA proposal is based on a set charge for bridge hours and a lesser charge for dispatch hours. The resulting tariff increase is significantly less than the cost of living increase.

A motion made by Captain Collins and seconded by Mr. Sell to adopt SEAPA's maximum tariff proposal failed by a vote of 4-3 with Captain Collins, Mr. Greba and Mr. Sell voting in favor of the motion.

A short recess was taken from 3:20 to 3:45 p.m.

Ms. Boudreaux made a motion to increase all existing tariffs by 35%. This will include all items in appendices A and B of the September 1990 Marine Pilot statute booklet with the exception of per diem rates. This will also include the tariffs approved by the board at its April 1991 meeting. The increase will be valid until the spring 1992 meeting of the Board of Marine Pilots. The motion was seconded by Mr. Lorch.

Captain O'Hara moved to amend the above motion by changing the increase percentage to 50% in Cook Inlet. The amendment was seconded by Mr. Sell and passed by a vote of 5-2 with Mr. Lorch and Ms. Boudreaux opposed.

The amended motion passed unanimously.

Agenda Item 12

Public Comment

Bill Sharp, Southeast Stevedoring, suggested the board use the existing regulations for rate adjustment as the procedure for establishing a tariff.

Will Anderson, AMP, asked for a clear definition of maximum tariff and what it is intended to accomplish.

Stuart Mork, AMP, said that regional differences should be considered in listing the tariff criteria.

Jim Wright, SWAPA, commented that an outrageously high maximum tariff would force pilot organizations and shipping companies to negotiate an actual tariff.

Ed Murphy, SWAPA, asked that the board consider two things in setting the standards and criteria for a maximum tariff. 1) If target compensation is used, Alaska pilots should be among the most highly compensated in the country, and 2) The primary focus should not be on pilot compensation but on pilotage costs per ship over different pilotage grounds.

Jeff Pierce, SWAPA, asked that the board consider the Consumer Price Index and regional differences when setting the maximum tariff.

A complete record of all public comment is available on audio tape.

The board referred to the guidelines in the new legislation and drafted the following list of factors to be considered in establishing a tariff. Each pilot organization will be required to furnish financial data on these factors.

1. MOBILIZATION/DEMOBILIZATION
2. TRANSPORTATION - reimbursable time
3. ACTUAL TIME ON BOARD
  - a. on duty
  - b. standby

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4. RISK ASSESSMENT DIVISION OF  
OCCUPATIONAL LICENSING
- a. environmental risk
  - b. operations - ports/channels/harbors/  
vessel type
5. ADDITIONAL COMPENSATION
- a. overtime pay for time above 8  
consecutive hours
  - b. holiday pay (12)
6. ADMINISTRATION
- a. onshore - line item breakdown of costs
  - b. offshore
7. OTHER EXPENSES
- a. training
  - b. pilots' personal insurance
  - c. license fees
  - d. continuing education
  - e. nonreimbursable professional expenses
  - f. anticipated increase in consumer price  
index

Definition of Maximum Tariff - according to the Senate Labor and Commerce Committee, the purpose of the maximum tariff is to protect shippers from price gouging, but it is not intended to be the tariff actually charged.

A brief recess was taken from 5:45 to 5:53 p.m.

The board discussed the schedule for the November 1991 meeting and decided to begin at 8:00 a.m. each day. The first day, November 12, 1991, will begin with licensing exams. The board meeting will begin that afternoon after the completion of the oral exams.


Agenda Item 14

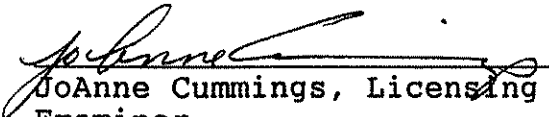
Adjourn

On a motion made by Mr. Sell, seconded by Ms. Boudreaux and carried unanimously, it was

RESOLVED to adjourn at 6:45 p.m.

Respectfully submitted,

  
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Bob Watt, Chairman

  
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JoAnne Cummings, Licensing  
Examiner

Approved on: Nov. 13, 1991