

# *Annual Report*

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# *Fiscal Year 2019*

## **ALASKA BOARD OF MARINE PILOTS**



**Department of Commerce, Community  
and Economic Development**

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**Division of Corporations, Business  
and Professional Licensing**

This annual performance report is presented in accordance with  
Alaska statute AS 08.01.070(10).

Its purpose is to report the accomplishments, activities, and the  
past and present needs of the licensing program.

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**ALASKA BOARD OF MARINE PILOTS  
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**Identification of the Board**

<b>Board Member</b>	<b>Duty Station</b>	<b>Date Appointed</b>	<b>Term Expires</b>
<b>Curtis Thayer</b> (Chair) Statutory per AS 08.62.010	Anchorage	April 11, 2019	Commissioner's appointment
<b>Ronald Ward</b> (Secretary) Marine Pilot member	Anchorage	March 1, 2017	March 1, 2021
<b>Les Cronk</b> Vessel Agent member	Ketchikan	March 1, 2018	March 1, 2022
<b>Richard Harris</b> Public member	Juneau	Dec. 18, 2017	March 1, 2020
<b>Peggy McLaughlin</b> Public member	Dutch Harbor	May 26, 2017	March 1, 2022
<b>Tom Rueter</b> Vessel Agent member	Anchorage	April 1, 2012	March 1, 2020
<b>Ed Sinclair</b> Marine Pilot member	Juneau	March 1, 2019	March 1, 2023
<b>Mike Navarre</b> (inactive) Statutory per AS 08.62.010	Anchorage	Nov. 6, 2017	Sept. 19, 2018

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**Identification of the Board (continued)**

<b>Board Member</b>	<b>Duty Station</b>	<b>Date Appointed</b>	<b>Term Expires</b>
<b>Fred Parady</b> (inactive) Statutory per AS 08.62.010	Juneau	Sept. 19, 2018	With Office
<b>David Arzt</b> (inactive) Marine Pilot member	Dutch Harbor	March 1, 2011	March 1, 2019
<b>Jon Faulkner</b> (inactive) Statutory per AS 08.62.010	Anchorage	December 3, 2018	April 9, 2019

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**Identification of Staff**

**Charles Ward – Marine Pilot Coordinator**

Department of Commerce, Community & Economic Development  
Division of Corporations, Business and Professional Licensing  
Post Office Box 110806  
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**Jun Maquis – Regulations Specialist II**

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**Narrative Statement**

*The Board of Marine Pilots met four times during fiscal year 2019:*

- 1) July 18, 2018 via teleconference
- 2) October 11, 2018 in Anchorage
- 3) January 17, 2019 in Anchorage
- 4) April 10, 2019 via teleconference
- 5) June 27, 2019 via teleconference

Over the course of the year, the Board continued its work to establish, audit and enforce the standard as set in Alaska Statute 08.62 to:

- Ensure that persons entering the practice meet rigorous standards of competency, and maintain such standards during their practice;
- Assist the public in the knowledge of who is licensed;
- Approve the standards by which pilot organizations are operated and trainees are selected;
- Approve or disapprove rates for pilotage services;
- Ensure that drug and alcohol testing is compliant;
- Ensure that sufficient pilots are available to provide service;
- Vessels subject to pilotage have a licensed pilot while transiting compulsory waters; and
- Educate the public about the statutes and regulations governing marine pilotage in Alaska.

Throughout the year, the Board maintained its review of applications for pleasure craft of foreign registry seeking exemption from pilotage.

For FY 2019, the board approved 12 applications for exemption from pilotage requirements from foreign pleasure craft (through May 9, 2019). Foreign pleasure craft exemptions generated \$19,350 in FY 2019 (through March 31, 2019).

### **Board Membership**

The Board is comprised of two public members, two marine pilot members, two vessel agents and the Commissioner or his designee (AS 08.62.010). During FY 2019, four separate people served as the Commissioner's designee. The Governor appointed one new marine pilot member.

### **Legislative Audit**

In advance of its 30 June 2019 sunset date, the Board underwent an intensive audit of its records and practices in FY 2018. The audit concluded "the board is serving the public's interest by effectively licensing marine pilots and deputy marine pilots and approving trainees and apprentices." Auditors recommended the board be extended for eight years, the maximum allowed by law. The audit did make two recommendations:

- The board should ensure applicable documents are aboard foreign pleasure crafts in accordance with regulatory requirements.
- The board should ensure the Southeast Alaska Pilots' Association (SEAPA) improves its procedures for tracking drug test notifications.

The department and the board agreed with both recommendations. The Marine Pilot Coordinator will ensure applicants for foreign pleasure craft exemptions report having all required documents on board prior to processing their applications. The department and board note that compliance enforcement will be limited to self-certification unless a complaint is filed. SEAPA has worked with the third-party contractor that performs its drug tests to ensure selected donors who were out of town when notified of random selection were adequately tracked.

### **Investigations**

In FY 2018, no investigations were opened. There were eight other intakes. Five intakes remain open (through May 9, 2019).

### **Public Information**

The Board website makes it possible to provide online access to meeting and exam schedules, agendas, Board minutes, meeting materials, and notices for proposed regulation. Web-based distribution helps the Board reduce costs and ensure accessibility for current and historical information and for ease of public access. The public may sign up to the Board's listserv to receive timely information from the Marine Pilot Coordinator.

### **Drug and Alcohol Monitoring**

The pilot associations oversee the random drug and alcohol testing of licensed marine pilots, deputy marine pilots, trainees and apprentices. The associations are required to provide annual reports on drug testing to the Marine Pilot Coordinator, and are subject to requests for information on their drug testing programs upon request of the Board or MPC.

### **Regulations**

The board had no regulations projects in FY 2019.

**Rate Filings**

In FY 2019, all three pilot organizations proposed changes to their published tariff rates. Objections were filed to two of SEAPAs proposed changes. After prolonged discussion and negotiations between SEAPA and the Alaska Steamship Association (ASA), the objections were withdrawn and SEAPA filed new rates. While the board is pleased the parties were able to resolve the matter amicably, the board also appreciated the opportunity to discuss the proper procedures for a rate hearing as described in AS 08.62.046(c-e).

**First-class pilotage in Southeast Alaska**

The board was pleased to learn that any changes to federal first-class pilotage requirements in Southeast Alaska will be after a deliberate process involving all stakeholders. The board will continue to monitor these discussions.

**Pending Issues:**

The next Board of Marine Pilots meeting is scheduled for October 2019 in Anchorage. The board recognizes the current fiscal climate and is engaging in the use of teleconferences and using State of Alaska meeting space instead of renting private conference rooms whenever possible. However, the board emphasizes the importance of holding in-person meetings, and believes the current policy of allowing only one in-person meeting per year is detrimental to the efficient conduct of board business.

The board will continue to stay apprised of the growth of Very Large Cruise Ship (VLCS) traffic into Alaska, particularly Southeast. While these vessels present an opportunity to increase tourism and related revenues, they are necessarily starting discussions about ensuring safe pilotage of these larger ships, including upgrading infrastructure to accommodate their safe pilotage.

SEAPA made the board aware of a potential issue in dispatching pilots during the summer 2019 season. The specific concern is ensuring there are sufficient pilots for 2019 and 2020 yacht traffic. This shortage will not interfere with the ability of these yachts to enter Alaska, since vessels that normally require marine pilots can enter without one provided the vessel provides proper notice and a pilot cannot be dispatched. However, as Alaska's marine pilotage program is based on protecting the health, safety and welfare of Alaskans, there is concern of an increased safety risk.

SEAPA has requested clarification on 12 AAC 56.960(c), which requires the dispatch of two pilots to a vessel expected to make a continuous transit in Alaska waters for more than eight hours. The board has requested guidance from the Department of Law on this matter.

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**Budget Recommendations for FY 2020**

The Budget Recommendations section anticipates the board’s fiscal priorities for the upcoming year. Please complete all parts of this section with details about anticipated meetings, conferences, memberships, supplies, equipment, to other board requests. Meeting expenses that are being funded through third-party reimbursement or direct booking must be identified separately from expenses paid through license fees (receipt-supported services or RSS). Be sure to explain any items listed as “other” so they may be tracked appropriately.

Board Meeting Date	Location	# Board	# Staff
October 2019	Anchorage	4	1
<input checked="" type="checkbox"/> Airfare:			\$2,200.00
<input checked="" type="checkbox"/> Hotel:			\$1,050.00
<input checked="" type="checkbox"/> Ground:			\$510.00
<input checked="" type="checkbox"/> Other:			\$510.00
<b>Total Estimated Cost:</b>			<b>\$4,270.00</b>

Board Meeting Date	Location	# Board	# Staff
April 2020	Juneau	5	0
<input checked="" type="checkbox"/> Airfare:			\$2,600.00
<input checked="" type="checkbox"/> Hotel:			\$900.00
<input checked="" type="checkbox"/> Ground:			\$510.00
<input checked="" type="checkbox"/> Other:			\$510.00
<b>Total Estimated Cost:</b>			<b>\$4,520.00</b>

Board Meeting Date	Location	# Board	# Staff
January 2020	Anchorage	4	1
<input checked="" type="checkbox"/> Airfare:			\$2,200.00
<input checked="" type="checkbox"/> Hotel:			\$1,050.00
<input checked="" type="checkbox"/> Ground:			\$510.00
<input checked="" type="checkbox"/> Other:			\$510.00
<b>Total Estimated Cost:</b>			<b>\$4,270.00</b>

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**Budget Recommendations for FY 2020 (continued)**

**Travel Required to Perform Examinations**

Not applicable

Date	Location	# Board	# Staff

**Description of meeting and its role in supporting the mission of the Board:**

<input type="checkbox"/> Airfare:	\$0.00
<input type="checkbox"/> Hotel:	\$0.00
<input type="checkbox"/> Ground:	\$0.00
<input type="checkbox"/> Conference:	\$0.00
<input type="checkbox"/> Other:	\$0.00

Describe "Other" (break out all sections):

**Total Estimated Cost: \$0.00**

**Out-of-State Meetings and Additional In-State Travel** (Rank in order of importance)

#1 Rank in Importance or  Not Applicable

Date	Location	# Board	# Staff

**Description of meeting and its role in supporting the mission of the Board:**

Expenditure	License Fees (RSS)	Third-Party Reimbursement	Third-Party Direct Booked	Total
<input type="checkbox"/> Airfare:	\$0.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/> Hotel:	\$0.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/> Ground:	\$0.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/> Conference:	\$0.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/> Other	\$0.00	\$0.00	\$0.00	\$0.00
Describe "Other" (break out all sections):				

**Net Total: \$0.00 \$0.00 \$0.00 \$0.00**

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### Budget Recommendations for FY 2020 (continued)

#### Non-Travel Budget Requests

- Not Applicable                       Resources                       Examinations  
 Membership                               Training                               Other

Product or Service	Provider	Cost Per Event
		\$0.00

Description of item and its role in supporting the mission of the Board:

#### Other Items with a Fiscal Impact

Cost Per Event: **\$0.00**

- Not Applicable

Number of Events: **0**

Product or Service	Provider	Total Cost
		\$0.00

Description of item and its role in supporting the mission of the Board:

#### Summary of FY 2020 Fiscal Requests

Board Meetings and Teleconferences:	\$13,060.00
Travel for Exams:	\$0.00
Out-of-State and Additional In-State Travel:	\$0.00
Dues, Memberships, Resources, Training:	\$0.00
Total Potential Third-Party Offsets:	-\$0.00
Other:	\$0.00
<b>Total Requested:</b>	<b>\$13,060.00</b>

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**Legislation Recommendations Proposed Legislation for FY 2020**

**No Recommendations**

The Board has no recommendations for proposed legislation at this time.

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**Recommendations**

The Board has the following recommendations for proposed legislation:

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**Regulation Recommendations Proposed Legislation for FY 2020**

**No Recommendations**

The Board has no recommendations for proposed regulations at this time.

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**Recommendations**

The Board has the following recommendations for proposed regulations:

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**Goals and Objectives**

**Part I**

***FY 2019's goals and objectives, and how they were met:***

“The Board is eager to review the findings of the Legislative Audit team. This audit will help the Board, and the Marine Pilot Coordinator, improve its processes. The audit will also be of great use to the Legislature in 2019, so it can understand the critical role marine pilots play in Alaska’s maritime economy, and the Board’s role in overseeing the licensure of qualified mariners for those positions.”

The board agreed with both audit findings. One audit finding has been addressed through SEAPA tightening its controls over tracking random drug testing of out-of-town pilots. The other audit finding has been addressed by ensuring foreign pleasure craft self-certify all required items are on board at the time of application, instead of the time of entry.

“The Board will watch the proposed changes to federal pilotage requirements in Southeast with keen interest. It looks to work with the Coast Guard, SEAPA and other stakeholders to advocate for policies at the federal level which will maintain and increase the ability of marine pilots to provide safe and effective service in Southeast Alaska.”

The board was pleased to learn that any changes to federal first-class pilotage requirements in Southeast Alaska will be after a deliberate process involving all stakeholders. The board will continue to monitor these discussions.

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**Goals and Objectives**

**Part II**

**FY 2020's goals and objectives, and proposed methods to achieve them.**

*Describe any strengths, weaknesses, opportunities, threats and required resources:*

The board will continue to advocate to hold three in-person meetings per year. Board business is much more efficiently conducted in person as opposed to through videoconference or teleconference. Further, pilots and industry often hold meetings of other related organizations in proximity to Board of Marine Pilots meetings. Interaction at those ancillary meetings often leads to more productive conduct of business at Board of Marine Pilots meetings. The board recognizes the current fiscal climate and is engaging in the use of teleconferences and using State of Alaska meeting space instead of renting private conference rooms whenever possible. Further, it understands the surface costs of travel may be greater than those of video/teleconferencing. However, it believes those costs must be weighed against the costs of reduced productivity.

The board will continue to stay apprised of the growth of Very Large Cruise Ship (VLCS) traffic into Alaska, particularly Southeast. While these vessels present an opportunity to increase tourism and related revenues, they are necessarily starting discussions about ensuring safe pilotage of these larger ships, including upgrading infrastructure to accommodate their safe pilotage.

SEAPA made the board aware of a potential issue in dispatching pilots during the 2019 and 2020 summer seasons. The specific concern is ensuring there are sufficient pilots for yacht traffic during those years. This shortage will not interfere with the ability of these yachts to enter Alaska, since vessels that normally require marine pilots can enter without one provided the vessel provides proper notice and a pilot cannot be dispatched. However, as Alaska's marine pilotage program is based on protecting the health, safety and welfare of Alaskans, there is concern of an increased safety risk. SEAPA is scheduled to have two new pilots licensed by the end of FY 2019, and currently has 26 trainees in its program.

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**Sunset Audit Recommendations**

**Date of Last Legislative Audit:  
Board Sunset Date:**

<b>Audit Recommendation:</b>	The board should ensure applicable documents are aboard foreign pleasure crafts in accordance with regulatory requirements.
<b>Action Taken:</b>	The Marine Pilot Coordinator will ensure applicants for foreign pleasure craft exemptions report having all required documents on board prior to processing their applications. The department and board note that compliance enforcement will be limited to self-certification unless a complaint is filed.
<b>Next Steps:</b>	The Marine Pilot Coordinator will work with vessel agents and yacht captains to ensure the documents are certified as on board prior to forwarding the applications to the board for a vote. He will also ensure information and education continues with vessel agents and yacht captains on this important point.
<b>Date Completed:</b>	Ongoing

<b>Audit Recommendation:</b>	The board should ensure the Southeast Alaska Pilots' Association (SEAPA) improves its procedures for tracking drug test notifications.
<b>Action Taken:</b>	SEAPA has worked with the third-party contractor that performs its drug tests to ensure selected donors who were out of town when notified of random selection were adequately tracked.
<b>Next Steps:</b>	The board and Marine Pilot Coordinator will continue to monitor compliance.
<b>Date Completed:</b>	Ongoing.