

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

BOARD OF PILOT COMMISSIONERS

RE: PORT OF MIAMI RATE CHANGES

Hyatt Regency Miami
400 Southeast 2nd Avenue
Miami, Florida 33131

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Downtown Reporting
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1 APPEARANCES :

2 DAVID WILKINS, Chair

3 MS. BLANTON

4 MR. CREW

5 LOUIS SOLA

6 JAMES WINEGEART

7 CHRIS OATIS

8 CLARK JENNINGS

9 CAROLYN KURTZ

10 SHERIF ASSAL

11 RICHARD LAW

12 CAPTAIN MARLOW

13 MR. KIRCHNER

14 CAPTAIN LILLY

15 MR. OATIS

16 MR. LOMONTE

17 CAPTAIN NITKIN

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1 (Thereupon, the following proceeding was had:)

2 CHAIR: Other questions?

3 MR. ASSAL: Yes. I know Mr. Dibner is not
4 here, but I'm assuming that he went over some
5 of these reports with you guys, so correct me
6 if I'm wrong.

7 MS. BLANTON: Sure, Mr., Mr. Crew may be
8 the best person to answer a question -- if Mr.
9 Dibner is gone I think he --

10 MR. ASSAL: I just need to ask a couple of
11 questions about Mr. Dibner's report.

12 MR. CREW: I'll do my best.

13 MR. ASSAL: It's okay. I think I'll try
14 to do my best as well, so as I saw you guys had
15 studies for twenty five different ports,
16 including Charleston, and other ports
17 throughout the Gulf area, and so on, and I see
18 of course in a lot of these reports, and Miami
19 is second from the bottom, have a number of
20 amount of net income (sic). Correct me if I'm
21 wrong, that I'm not higher than Miami to most
22 of the other points, right?

23 MR. CREW: Yes.

24 MR. ASSAL: Okay. But I noticed, just as
25 well, if you go to Page 25 it says total

1 revenue is 3.5 times, or 3 times Miami's
2 revenue.

3 MR. CREW: Is this the Sabine River?

4 MR. ASSAL: Talking about the example of
5 net revenue model for Sabine River, Page 25.

6 MR. CREW: Right.

7 MR. ASSAL: Correct me if I'm wrong.
8 Isn't that what that says right there?

9 MR. CREW: Well, hold on --

10 MR. ASSAL: Base revenue. I'm just
11 talking about -- I'm just going based upon the
12 numbers that are written right there.

13 MR. CREW: Base -- oh, yeah, base revenue
14 for shipping is \$34 million.

15 MR. ASSAL: Correct me if I'm wrong,
16 right?

17 MR. CREW: That's right.

18 MR. ASSAL: All right. And if you look at
19 some of the stats, and this is 2016, and if you
20 look at some of the numbers of Miami Biscayne
21 Pilots they say that \$11.9 million, if I
22 recall, in that range?

23 MR. CREW: I think that's right.

24 MR. ASSAL: Correct. All right. But if
25 you notice the number of pilots for Sabine

1 (phonetic), if I'm saying that, Sabine,
2 whatever -- forgive me if I'm saying it wrong
3 -- is only 29.

4 MR. CREW: Yeah, they have -- I think they
5 have more pilots in Sabine Bank and Bar versus
6 -- I want to explain. This is a combination.
7 The Sabine River has an Outer Bank charge, and
8 what that is is that's offshore. They have a
9 very long offshore channel that they have to --

10 MR. ASSAL: All right.

11 MR. CREW: -- I don't know if you want to
12 know about that.

13 MR. ASSAL: And -- and no, it's not that.
14 The way I'm looking at it is, if you look at
15 it, I don't know what, how many handles any of
16 these different ports have had, number one.
17 Number one. Number two is, I'm looking at the
18 net income of all these ports are a lot higher.

19 MR. CREW: Right.

20 MR. ASSAL: Hold on. But I notice that
21 the pilot -- and I think if I use the formula
22 straight across the board in the pilots' arena
23 it's approximately 60% labor at ballpark, if we
24 look at the health and welfare of 20%, or their
25 pension fund or whatever is at 20%. What I'm

1 trying to understand based upon number of
2 pilots is a lot lower than the Biscayne Pilots'
3 number compared to the net income. So what I'm
4 saying is -- I guess let me rephrase it
5 properly.

6 You got more pilots for a lot less net
7 income. Does that make sense?

8 MR. CREW: I'm not sure I follow you. Let
9 me see if I can -- let me see if I can state it
10 in a way that you agree with me. I think --
11 and I kind of know what he did here, but this
12 is his work, not mine, first of all.

13 MR. ASSAL: I understand. I understand.

14 MR. CREW: Okay. Is what he did is he
15 took financial audits that said this is what
16 the total revenue was for the pilot group in
17 this year, okay? Then he -- then he subtracted
18 expenses, and divided by the number of pilots.
19 I don't know that for this part of his
20 calculation, whether or not the number of
21 handles can, you know, applied, other than if
22 he didn't have data, I do know that he relied
23 upon Core of Engineer data for the number of
24 ship movements within a port for a year to, to
25 reach a number of handles in some cases.

1 MR. ASSAL: I got you. But -- but what
2 I'm looking at, the ratio of pilots versus the
3 net income. Do you understand what I'm trying
4 to say?

5 MR. CREW: Sure. So, okay, let me give
6 you an example. And that -- that's a hard
7 number to come up with because obviously in
8 some ports they value their pilots higher than
9 they do in others. I'll give you an example.
10 Another crypt of 16 pilots, and that's
11 Galveston, Texas City Pilots, who Mr. Panza, we
12 recently had a rate case there. I believe
13 their net revenue was somewhere around, you
14 know, \$14 million. That's just a guess. I
15 can't -- I can't remember it off the top of my
16 head. They have 16 pilots, as opposed to 18.
17 There is a little bit different net, you know,
18 total gross revenue, so when you divide it out
19 you're talking about, you know, you, you have a
20 large number, and you divide it by a smaller
21 number of pilots, you get a bigger --

22 MR. ASSAL: You get a bigger net cut of
23 the pot.

24 MR. CREW: Yeah.

25 MR. ASSAL: That's correct. Well, the --

1 the -- and I believe the vice president of the
2 International, Mr. Quick, as he said earlier,
3 compared the average of, he said that the
4 average is around, really not 410,000, it's
5 closer to the 500,000, and if you take that,
6 and if you take any one of the ports,
7 Charleston, which is the number that I, the
8 port that I took, they only have 20 pilots, so
9 their numbers are higher.

10 So isn't it the -- the income of the
11 pilots is predicated by the amount of pilots
12 that you're going to have in each of those
13 areas; correct me if I'm wrong.

14 MR. CREW: Well, sure, sometimes you might
15 have a lot of traffic. It could be small
16 boats, and it could be a very short handle
17 time, but they might need a larger number of
18 pilots than for instance if there's not very
19 many vessels. And I understand there's a port
20 here that might only have only one or two ships
21 call on it a month. Well, you only need one
22 pilot.

23 So, you know, ship volume is a, is a very
24 big way of determining how many pilots you need
25 at a port, and each port is unique, so that's

1 why we have local pilot boards all over the
2 country.

3 MR. ASSAL: That's why -- that's why I
4 look in comparison of dollars and cents varies,
5 because if I look at the chart I know the cost
6 of living in Los Angeles is a lot more
7 expensive than ports, that you might say the
8 pilots make more.

9 MR. CREW: Sure.

10 MR. ASSAL: So, but you've got less pilots
11 so the pilots are making more; correct me if
12 I'm wrong.

13 MR. CREW: Okay, let me -- let me give you
14 a nice answer to that. Where I'm from in
15 Orange, Texas, and that's where the Sabine
16 River Pilots, who are the very number one pilot
17 group on this group that you're looking at
18 right now, let me tell you what the cost of
19 living is there if you really want to cry about
20 what you're paying here in Miami, because you
21 can get a very nice 5,000 square foot house for
22 about \$500,000.

23 They live, just like some of these foreign
24 shipmasters who choose to live in third world
25 countries, they live like kings, and so when

1 you do a comparison, like we talked about with
2 Captain Stubs, the amount of money that you
3 make in a place is, it matters. And so living
4 in Houston, Galveston, the county where I live,
5 where I'm from originally, where the cost of
6 living is much, much lower than a port like
7 here, it matters. And I don't know why some
8 ports value their, their pilots more.

9 I don't know why, you know, some industry,
10 segments of the industry choose to fight about
11 pilot rates and others don't, but, you know,
12 that's, that's up to the industry views. But I
13 can tell you that, you know, if you just look
14 at the numbers and you boil it down to how ever
15 many pilots you divide into the pilots groups,
16 you know, revenue, at some point you'll be able
17 to come up with some average.

18 MR. ASSAL: No, I get that. And I'm not
19 trying to, and trust me I think the pilots are
20 very well needed in this industry, but I look
21 at -- if -- if -- a lot of the revenue is
22 predicated, just like any business, is based
23 upon your direct costs, right, so if the pilots
24 -- hypothetical, and this is hypothetical. If
25 you take off 50%, and I'm not going -- from

1 25%, just use any number, then the, the net
2 income becomes a lot higher. Does that make
3 sense? And -- and the Miami industry, and I
4 know the, the Miami works very well, there's
5 peaks and valleys, and we have, in our season
6 we could have probably twelve guys working in
7 one day, I mean twelve pilots, forgive me.

8 I'm not saying that. I'm saying is what
9 determines the volume, or the scheduling, or
10 your overhead expense. As business owners, the
11 people that run businesses, we have to look at
12 that, at cost on a regular basis, and as well
13 there's the margin that we got to look at, and
14 looking from whether the increase or decrease,
15 and those are the things that we'll look at.

16 MR. CREW: Right. And, you know, thank God
17 I don't have to go before a attorney fee
18 commission every time I want to change my rates
19 and go higher, I can do it, and I can make my
20 client pay my expenses just because they sign
21 my attorney/client agreement, you know. But
22 for -- for the pilots in almost every port,
23 through a survey, they don't have that
24 mechanism. They have to -- they have to
25 account for their, their costs. They have to

1 at least try to operate in a reasonably prudent
2 manner, or else everything is harshly
3 criticized by the cruise lines, or other, other
4 industries, so I'm not picking on them, when
5 they come to the pilot board and say, hey, we
6 need money for a pilot boat, or, hey, you know,
7 we need money for fuel. It's common.

8 Now, a lot of these ports -- and this
9 isn't factored into Mr. Dibner's report, but I
10 can tell you in looking at the tariffs, at
11 least in Texas, most of those tariffs have a
12 fuel surcharge where the fuel is completely
13 paid by the users. Most of those tariffs have
14 boat charges, communication charges like the
15 harbor shifting fee. Then they have shifting
16 costs. They have -- they have detention,
17 cancellation charges, you name it. There are
18 very, very complicated tariffs in those ports
19 compared to what I would tell you is a very
20 simple revenue generating tariff in this case
21 of gross tonnage times, and, and draft.

22 MR. ASSAL: And another -- another
23 question, because you're --

24 MR. CREW: Sure.

25 MR. ASSAL: -- you brought it up. And --

1 and my understanding because as, as I work in
2 the industry, understand the terminology per
3 passenger, and, and there is other companies
4 that facilitate and try to use that, but at the
5 end of the day we don't know, I mean at least
6 other companies that I know that get their
7 checks from the particular cruise lines, or
8 whatever, they do it, we don't know what they
9 collect or what they don't really collect from
10 the passengers, do we?

11 MS. BLANTON: Well, I think we do, based
12 on the testimony we heard in Galveston.

13 MR. CREW: You know, let -- let me answer
14 that --

15 MS. BLANTON: And also the contracts that
16 are in our, in the motion that we argued
17 yesterday. The contract for the cruise lines,
18 it's pretty clear that it's passed along to the
19 passengers.

20 MR. CREW: I -- I think the better way to
21 do this is instead of asking me whether I know
22 or not is to ask the gentlemen who are sitting
23 down on the other end of the table, because
24 they're the ones that do it, and they're going
25 to have a chance to rebut us in a minute.

1 MR. ASSAL: And we're going to do that as
2 well. We're going to open it for everyone, but
3 I think that to all fairness we're just doing
4 one side, then when these guys are closing, I
5 think we'll discuss it.

6 MR. CREW: Sure.

7 MR. ASSAL: And these are the points that
8 I've brought up as I looked out for, for both
9 sides.

10 MS. BLANTON: If -- if I could just make
11 one other point to one of your earlier
12 questions.

13 MR. ASSAL: Go ahead, ma'am.

14 MS. BLANTON: About the number of pilots.
15 And I think it was made clear earlier that the
16 pilot organization does not get to pick how
17 many pilots they have. That's done by the
18 board that we sit on. They're the ones that
19 decide how many pilots are appropriate for the
20 Port of Miami.

21 CHAIR: Commissioner Sola?

22 MR. SOLA: No, I'm done. I'm done with my
23 questions.

24 MR. CREW: And yeah, I hope that, you
25 know, it's hard. I -- sometimes I'm just too,

1 just feel like in the mode of advocating my
2 client's position, and I hope I gave you a fair
3 answer, sir.

4 MR. ASSAL: No you -- yes. Not at all.
5 Thank you very much.

6 MS. BLANTON: Mr. Assal, can I --

7 CHAIR: Let's -- let's move on.

8 Commissioner Sola.

9 MR. SOLA: Thank you, Ms. Blanton, for
10 bringing in so many expert witnesses, and
11 bringing us around the country, and finding out
12 what's going on in different places. I
13 appreciate that. But bringing us back to 1999,
14 the last time that we addressed a rate
15 increase, and back to the Florida Statute, I'd
16 like to ask you the same question that I asked
17 Mr. Panza. What exactly is -- if you could
18 summarize your request to this committee on
19 your rate application.

20 MS. BLANTON: I'm going to let Captain
21 Marlow do that, because I know he can do it
22 better than I can.

23 CAPTAIN MARLOW: So if I -- if I
24 understand your question correctly you're
25 asking just to summarize specifically the

1 elements of our rate request in the
2 application?

3 MR. SOLA: According to Florida Statute
4 310.151(6) we, we have to base our, we shall
5 fix the rates of pilots pursuant to this, in
6 this section, based upon the following six
7 characteristics. I believe that you made an
8 application, a very extensive one, and you -- I
9 know -- I know the answer, I just would like to
10 hear it, but what's your proposal?

11 CAPTAIN MARLOW: I don't have the statute
12 in front of me, so forgive me, the six
13 characteristics are, are vessel
14 characteristics; is that correct?

15 MR. SOLA: Yes. Well -- well, you're
16 requesting an increase.

17 CAPTAIN MARLOW: Yes.

18 MR. SOLA: How much of an increase, just
19 for the --

20 CAPTAIN MARLOW: Our -- our rate is
21 already based on the vessel characteristics
22 and, and gross tonnage and draft are included
23 in that.

24 MR. SOLA: Okay, and the increase that
25 you're requesting?

1 CAPTAIN MARLOW: The -- the increase that
2 we're requesting is an increase of 6% to
3 pilotage rates per year for five years. And
4 that's considered -- I guess I would call that
5 an adjustment to sort of fix the, the fourteen
6 years or so of deterioration that has occurred
7 to the, the rate, and net income over the past,
8 well, past years, and --

9 MR. SOLA: So that'd be three, three
10 increases of 2%?

11 CAPTAIN MARLOW: No, it's 6% per year for
12 five years. Each year for five years. This is
13 something that Mr. Law articulated in the --

14 MR. ASSAL: Well, I have his report here.
15 I just --

16 CAPTAIN MARLOW: Yeah, yeah, no it's --
17 it's 6%, so year one starting today 6%, and 6%
18 for each year for five years. That is a sort
19 of adjustment to catch up starting the second
20 year so that we don't lose ground against
21 inflation, and that we maintain that going
22 forward a CPI adjustment is applied to, which
23 could be whatever the CPI is, up or down. So
24 if the economy declines we would get a CPI
25 decrease.

1 MR. SOLA: So it would be a 30% increase
2 in five years plus a CPI.

3 CAPTAIN MARLOW: 6% per year for five
4 years, and the CPI adjustment --

5 MR. SOLA: That's 30%.

6 CAPTAIN MARLOW: That applies thereafter
7 to maintain, yes. And keeping in mind that
8 we're down, we're down, what, 30 or 40% right
9 now from where we were in 2002. So we're --
10 we're down 40% now, so starting from here an
11 adjustment to bring it up 6% per year for five
12 years, and thereafter, starting in year one, as
13 Mr. Law articulated in, in detail, a CPI
14 adjustment to, to hold a real dollar value of
15 our rate.

16 MR. SOLA: Okay, I had two quick
17 questions, one for Mr. Kirchner, and one for
18 Captain Stubs. And I wanted to say that I
19 would like to accommodate the, the three
20 Captains that came in here and presented. I
21 think that you definitely -- we are doing our
22 job as, as a commission, finding the -- and --
23 and we talked earlier about our testing process
24 and how difficult it was, and I believe that
25 we're proud of that. So, Mr. Kirchner, you

1 came all the way from Washington, DC. Thank
2 you very much.

3 On your experience -- we here in Florida
4 base our rates upon six different
5 characteristics. Around the country -- we
6 didn't really talk about that. What other
7 sorts of formulas are, are they based upon?

8 MR. KIRCHNER: Well, every state has, has
9 some different standards that they have.
10 Sometimes it's in the statute, other times it
11 isn't, you know, it's hard to, it's hard to
12 generalize. But -- but looking at a number of
13 the same factors, it's compensation, expense
14 recognition. Typically a party that asks for
15 an increase will explain what they intend to do
16 with that increase, why they need it, whether
17 it's to catch up for what they've lost, or they
18 have new items of expense that they, that they
19 are going to have to incur. So every state has
20 a pretty searching analysis of a rate proposal,
21 but they look at much the same things.

22 Florida -- Florida has probably a more
23 detailed listing of factors to be considered
24 than other, than most other states. The State
25 of Washington, for example, they're a pretty

1 detailed one as well. Other states it's kind
2 of left up to -- and -- and in some states the
3 rates are set by the Legislature, and there's
4 no real examination. The pilots will get a
5 bill introduced and it will be, it will be
6 considered by the Legislature.

7 In several states it goes to the pilot
8 commission first, and they come up with a
9 recommended change for the rate, and, and that
10 has to be approved by the Legislature, and the
11 rates are actually in the statute. There are
12 two states, Virginia and Maryland, who use a
13 public utility commission. That's just their
14 public utility commission that handles all
15 regulated industries. Those are a lot more
16 formal, and although I have to say they usually
17 don't involve as much work as this state has
18 required for this proceedings.

19 MR. SOLA: In -- in your experience have
20 you seen different characteristics for rates
21 for different classifications of ships? Is
22 there a precedence for such?

23 MR. KIRCHNER: I've never seen a class of
24 ship, or, or a group of ship owners that, that
25 have a discount as, as has been proposed here.

1 And there may be some, you know, some formulas
2 favor certain types of ships more than others,
3 but I think the point I was trying to make
4 earlier is that the focus should be on the
5 total revenues that are going to be generated,
6 and you can, you can adjust how that burden is
7 allocated, but you've got to make sure that
8 whatever rates you come up with are going to
9 generate those necessary revenues.

10 MR. SOLA: I understand. No more
11 questions, thank you.

12 CHAIR: Did you have one for Captain
13 Stubs?

14 MR. SOLA: I was just going to ask one
15 about why he took the test, how he did on the
16 test. I'll -- I'll ask him --

17 MS. BLANTON: He wouldn't be here if he
18 didn't do really well.

19 MR. KIRCHNER: He -- he took it four times
20 at four different ports, so --

21 CHAIR: I have a question for Captain
22 Lilly. Is he still here? I had several
23 questions, just about compensation in Biscayne
24 Bay. What is -- what is the turnover of
25 existing pilots? Let me say it another way.

1 Has any pilots left in the last ten years other
2 than through retirement? I mean like did they
3 quit.

4 CAPTAIN LILLY: The last ten years.

5 CHAIR: And I picked that random, but --

6 CAPTAIN LILLY: No, not to my knowledge.

7 CHAIR: So none of them left --

8 CAPTAIN LILLY: In the last ten years they
9 retired.

10 CHAIR: Okay, so no one had left other
11 than through retirement.

12 CAPTAIN LILLY: That's correct.

13 MR. ASSAL: Chairman, do they quit their
14 job?

15 CHAIR: Yes.

16 MR. ASSAL: Do you mind if I ask it
17 another way? Do pilots normally quit their
18 jobs?

19 CAPTAIN LILLY: I haven't seen a pilot
20 quit here in Miami in my time, no.

21 MR. ASSAL: To the best of your knowledge,
22 and throughout the country, do they quit their
23 jobs, pilots?

24 CAPTAIN LILLY: It's happened before,
25 sure.

1 CHAIR: Okay. Do you have -- do you all
2 in Biscayne Bay have an evaluation system to
3 evaluate the performance of the 18 pilots?

4 CAPTAIN LILLY: Internally no, it is
5 probably at the discretion of the full board.
6 They hold full oversight.

7 CHAIR: Okay, but there's no process
8 within your association to annually review how
9 each pilot is performing, and that type of
10 thing?

11 CAPTAIN LILLY: When it applies to deputy
12 pilots, yes, absolutely.

13 CHAIR: But once you become a pilot you no
14 longer have, you're no longer subject to
15 evaluation.

16 CAPTAIN LILLY: That pilot is subject to
17 evaluation by the full board.

18 CHAIR: Yeah, but not internally per se'.

19 CAPTAIN LILLY: Yeah.

20 CHAIR: Okay.

21 CAPTAIN MARLOW: Mr. Chair, can I ask,
22 answer that a different way?

23 CHAIR: Sure.

24 CAPTAIN MARLOW: We -- we're not employees
25 of the company. We're servants of the State,

1 so we're subject to disciplinary action for
2 infractions, and things that we would, you
3 know, do inappropriately. Commander Dunton
4 investigates, as does the full board, but it's
5 not like a report for a boss pilot, or
6 something like that. Our -- our boss is the
7 Port Pilot Commissioners.

8 CHAIR: Right. So of the 18 pilots -- I
9 don't understand the compensation system. I
10 mean does everyone get paid exactly the same
11 amount, or is it, is there a unit system where
12 you earn a certain number of units, you know,
13 like the old accounting, or, or law models?

14 CAPTAIN LILLY: The 18 pilots are
15 partners, and at the end of the month, each
16 partner receives an equal distribution.

17 CHAIR: They're all at equal partners
18 regardless of age or, or tenure?

19 CAPTAIN LILLY: That is correct, subject
20 to of course the buy in that was discussed
21 previously that applies to certain new pilots.

22 CHAIR: That was my other question. I
23 didn't understand the complete buy in of
24 commissioner, I mean Captain Stubs mentioned
25 his annual -- what is the total cost to buy in?

1 CAPTAIN LILLY: It's a percentage of the
2 share. There's not a fixed number that exists
3 for that buy in.

4 CHAIR: I think the Captain mentioned it
5 was \$55,000 for a year for him, so how many
6 years could that be?

7 CAPTAIN LILLY: I'm not familiar with the
8 figure. That would be a good question for him.
9 But the buy in process occurs over one hundred
10 months.

11 CHAIR: Okay, so you get to buy back --

12 CAPTAIN LILLY: 8.3 years.

13 CHAIR: Okay.

14 MS. BLANTON: And it's 19% of a share,
15 correct?

16 CAPTAIN MARLOW: The \$55,000 number is, is
17 estimation based on what the 19% turned out to
18 be, but the buy in, like the pension, can go up
19 or down depending on net income because it is a
20 percentage by --

21 CHAIR: For that year.

22 CAPTAIN MARLOW: Every -- every -- every
23 share distribution is 19%. It goes up or down
24 every month depending on the distribution done
25 --

1 CHAIR: Based on by month, okay, not by
2 year, so it's --

3 CAPTAIN MARLOW: Based on every -- every
4 share distribution is 19% --

5 CHAIR: Is there -- we talked about the
6 physical challenges of being a harbor pilot.
7 Is there any prerequisites on physical
8 strength, conditioning, limitations on the
9 number of doughnuts, or, you know, any
10 standards on health habits that are enforced by
11 --

12 CAPTAIN LILLY: There are. We are subject
13 to annual physical examinations which are, with
14 which standards are set by the United State's
15 Coast Guard. And I would say that question is
16 best directed to Commander Dunton. I mean his
17 -- he sees these physicals, and understands
18 the, the exact criteria. For instance, when I
19 get a physical every year I go to my doctor and
20 there is a, a long list of criteria and
21 requirements and standards I must meet.

22 CHAIR: Okay. If -- okay, thank you. So
23 -- and we -- we also talked about some other
24 costs that your group assumes, and in here we
25 saw lobbying costs, political consultant costs,

1 political contribution costs, you know, that
2 type of thing. And we talked about future
3 needs, like dock repair, and boat repair, so
4 the decision, for instance, to not repair the
5 dock, I mean that's a decision your association
6 makes?

7 CAPTAIN LILLY: That is correct.

8 CHAIR: So you all can decide next week
9 you want to go ahead and repair it, figure out
10 the costs, draw, draw out an appreciation
11 model, and assess everyone that cost, right?

12 CAPTAIN LILLY: Correct.

13 CHAIR: Okay.

14 CAPTAIN MARLOW: Mr. Chair, can I add to
15 that?

16 CHAIR: Yes, please.

17 CAPTAIN MARLOW: Ultimately, I mean, it's
18 a matter of, it's like any business. We have
19 to evaluate our expenses versus our need, so,
20 yes, any expense -- some are essential. We are
21 in the process of repairing our dock. It's not
22 a situation that we are just living with it
23 that way because we, you know. Regardless of
24 what happens with our revenue stream we're kind
25 of stuck with repairing that dock.

1 CHAIR: Okay. Any other questions,
2 Commissioner Oatis?

3 MR. OATIS: Yeah, I'm looking at the
4 presentation here for the various pension
5 plans, and it goes back to 2003, but it doesn't
6 list specifically a mandatory retirement age
7 for the Biscayne Bay Pilots. Is there -- is
8 that still the case, there's no mandatory
9 retirement age?

10 CAPTAIN LILLY: That is correct, there is
11 no mandatory retirement age.

12 MR. OATIS: And then I guess is there --
13 is there a general target, is there like a
14 mandated encouraged period where someone would
15 consider retiring? Is there a trend in that
16 direction?

17 CAPTAIN LILLY: There is no guideline for
18 that. That's a personal decision of the pilot.

19 MR. OATIS: The base obviously --
20 typically probably looking towards that twenty
21 two years plus to get vested --

22 CAPTAIN LILLY: Correct.

23 MR. OATIS: Which actually does lead to
24 another question I had for Captain Marlow. In
25 -- this might have been a question for you but

1 it came up while you were presenting some of
2 your, your answers. When I look at the
3 financial statements it actually says that
4 retirees with less than twenty years of service
5 receive prorated amounts, which is contrary to
6 what I've been hearing up until this point
7 about the retirement payments. Is there -- is
8 there a copy of the plan document? Is there
9 something that we would have access to to
10 confirm how exactly that process does work for
11 those less than twenty year pilots?

12 CAPTAIN MARLOW: Let me just clarify. Our
13 -- our attorney is here, and I just want to
14 make sure that I didn't get anything incorrect.
15 Did you hear the question Mr. Lomonte?

16 CHAIR: Come on up.

17 MR. LOMONTE: Yes, for the record my name
18 is Robert Lomonte. I am an attorney. I am
19 primarily a tax attorney. I have been counsel
20 to the Biscayne Bay Pilots for approximately
21 forty years. The -- the question that was
22 asked is -- there are some of their -- some
23 provisions within their agreement provide, for
24 example, retirement when there's a disability
25 that, that might apply sooner than the, the

1 required -- current -- currently it's fifty
2 five age and twenty two point eight years of,
3 of service before they are eligible to retire.

4 There are currently -- within their
5 documents there are currently some ability to
6 grandfather in older pilots who were able to
7 retire under earlier conditions with a reduced
8 benefit to do that. For example, of they were
9 to retire with, with a 50% share, of a pilot
10 share. There was a staggered position
11 grandfathered in for older pilots that became
12 pilots later in life who might be able to
13 retire at age sixty five with a quarter share.

14 Now, I know I've made it longer and more
15 complicated I think than is needed, but for the
16 current pilots, those that came in after 2000,
17 they either meet the requirements or they are
18 out of the ability to get retirement income.

19 MR. OATIS: Okay, so then I guess the
20 financial statements are generalizing a concept
21 that doesn't apply to everybody.

22 MR. LOMONTE: It might apply, sir, to some
23 of the older pilots who are still collecting
24 retirement income.

25 MR. OATIS: Okay, thank you for

1 clarifying.

2 MR. LOMONTE: You're welcome.

3 MR. OATIS: Yeah, I got two more questions
4 for Captain Marlow. I guess, and just to
5 clarify on Mr. Sola's question, the 6% request
6 is not a compounding 6% where it would build on
7 prior years. You're talking about 6% of a
8 fixed amount determined from the 2002 rate
9 increase to be applied over, equally over --

10 CAPTAIN MARLOW: No, it is -- it is -- it
11 is 6% compounding. It's -- so, you know, from
12 here 6%, and then next year 6% of the previous,
13 and -- it's -- the intent is to make an attempt
14 at adjusting the rate to correct what has
15 happened in the past fourteen years. So it's
16 very easy to look at, you know, when you're in
17 the bottom 40% down and say, wow, you're
18 looking for a 30% increase, but really, no,
19 we're not even going to get back to where we
20 were in 2003 with this increase.

21 MR. OATIS: Okay. Okay, yeah, I guess --
22 in just reading through the application the way
23 that it's worded, it refers to 6% over 2002
24 rates, and doesn't -- I don't see --

25 CAPTAIN MARLOW: Because that -- those --

1 those -- I'm sorry. Those are the rates that
2 we have today, 2002 rates, the same rate.

3 MR. OATIS: Okay, but then it doesn't go
4 on to say that it will be a compounding rate
5 for each of the subsequent years. I'm just
6 trying to make sure I under the request as, as
7 it has been asked.

8 CAPTAIN MARLOW: Mr. Law, am I -- I think
9 maybe he can explain that -- if that, or based
10 on what's in the investigative committee
11 report.

12 MR. LAW: When I saw the application I
13 wasn't sure what it meant either, so I
14 clarified it with him, and if you look at Page
15 6 in my report I think it will present a little
16 more clearly for you. It's 6% upon 6% upon 6%
17 for five years, and then I gave it to you with
18 and without CPI.

19 MR. OATIS: With the CPI, which comes out
20 to --

21 CAPTAIN MARLOW: Yeah, it reads in our
22 application an adjustment in rates of +6% +/-
23 the CPI for five years, followed by an
24 indefinite CPI adjustment. So it's not take
25 2002 rates and put it over here, increase it by

1 6%, and then the next year look back at 2002
2 rates and increase it by, the 2002 rates by
3 another 6%, because that will have you back at
4 where you were at year one. So it is -- it is
5 an increasing 6% per year.

6 MR. OATIS: Okay, compounding.

7 CAPTAIN MARLOW: Compounding, correct, as,
8 as was the 40% decline that we've had since
9 2013.

10 CHAIR: Commissioner Assal.

11 MR ASSAL: Actually 6 plus the -- so if
12 you look at Page 6 -- so you're really looking
13 at approximately 8%, or --

14 CAPTAIN MARLOW: The -- the answer --

15 MR. ASSAL: Make it up in the CPI.

16 CAPTAIN MARLOW: The answer is there's --
17 there's two issues going on. Inflation --
18 inflation is, is like a running faucet, it's
19 always leaking, it's always leaking away, so
20 the 6% is an attempt to adjust rates, and the
21 CPI adjustment is attempt, an attempt to, to
22 hold water, to hold ground where we're at, and,
23 and as we climb out with the adjustment, and
24 then from there going forward the 6% per year
25 for five years is, that's an attempt to fix a

1 problem with our revenue in, in Port Miami.
2 And then thereafter the CPI adjustment is an
3 attempt to prevent having to have multi year
4 million dollar rate battles that, that bring us
5 here.

6 MR. ASSAL: Now, you guys said something
7 earlier about pilots, that basically it us to
8 the full board to approve pilots. And everyone
9 knows I'm probably one of the newest, second
10 newest one here, right? We usually go based
11 upon the recommendation of the different areas,
12 so if Biscayne Pilot recommends they would like
13 to have pilots, I've seen that basically we ask
14 the questions why and what's needed, and we
15 grant it because you guys are the ones that
16 know what's safe for those waters, right, and
17 what you need.

18 CAPTAIN MARLOW: Let me -- so let me try
19 to clarify the process in, in a way that might
20 help you. We are an 18 pilot association. We
21 have always been an 18 pilot association, and
22 when we come to the board with a request for
23 additional pilots it is to replace retiring
24 pilots, so we try to forecast in advance, and,
25 and it's difficult because basically we have to

1 make the request about five years before we
2 need a guy to start, and sometimes you don't
3 know when a retiree is going to retire five
4 years in advance, so we have to plan ahead as
5 best as we can, just so we're trying to figure
6 things out, and then we, so we come to the
7 board to say we need two new pilots to replace
8 retiring pilots, and there's a deliberative
9 process, or for whatever reason we come to the
10 board with, and there's a deliberative process
11 before the Board of Pilot Commissioners to
12 determine the number of pilots that is, is
13 appropriate based on our request, and you guys
14 discuss that.

15 But at, at this level at this committee
16 the, this committee, and Ms. Blanton can
17 clarify if my understanding is incorrect, but
18 this committee is tasked with taking the number
19 of pilots that has been assigned by the Board
20 of Pilot Commissioners, and then determining an
21 appropriate rate for that number.

22 MR. ASSAL: No, I -- I understand what --

23 CAPTAIN MARLOW: Is -- is that right, Ms.
24 Blanton?

25 MR. ASSAL: I understand what the review

1 board is here for.

2 CAPTAIN MARLOW: She's nodding correct.

3 MR. ASSAL: Well, let me ask another
4 question. If -- if the handles, or the amount
5 of vessel movements increase, does the Biscayne
6 Pilot Association anticipate adding on more
7 pilots?

8 CAPTAIN MARLOW: Well, it depends. And I
9 -- I may have understood what you're saying,
10 what you were saying earlier in comparisons to,
11 or maybe not. So this -- this question ties to
12 what I thought I heard. You were questioning
13 the number of pilots that we have in Miami
14 versus a number in another port, and the answer
15 is every port is different, and the, the
16 dispersion of traffic and load on pilots is
17 different.

18 And the, the prime issue that we have in
19 Miami that drives the number of pilots that we
20 have, and I know there's commentary about this
21 in the investigative committee report as well,
22 is the peak demand placed by the nature of the
23 cruise business when they move. They -- they
24 all want to come in between, you know, 4:00 and
25 6:00 in the morning, or whatever it is,

1 somewhere around there, and they all want to go
2 out around the same time in the evening, so I
3 figure like barbells, and we have to have a
4 number of pilots on duty to satisfy those peak
5 demands.

6 If the cruise lines had their arrivals and
7 departures dispersed evenly throughout the day
8 we might be able to adjust that number, but we
9 can't. We always have to be ready with a full
10 compliment of pilots for whenever ships come.
11 And in a port like Sabine, for example, it's
12 primarily a cargo port, and cargo ships tend to
13 come and go at all hours 24/7.

14 MR. ASSAL: Schedules are out fifteen
15 months out from the cruise lines. I think
16 there's only a couple that are only required to
17 be ninety days out. Would we know the
18 deployment of our pilots and our schedules with
19 cargo ships, and I know that, from what I
20 understood we get them far few and between,
21 that you get the one call here or the one call
22 there, but usually there's a berthing schedule,
23 and that berthing schedule within the ports
24 dictates the total.

25 CAPTAIN MARLOW: Are you talking about

1 cargo ships as well?

2 MR. ASSAL: Cargo and cruise, only --

3 CAPTAIN MARLOW: Cargo is completely
4 variable. They can have a delay in another
5 port, and it can change it by hours.

6 MR. ASSAL: I got you. That point I know,
7 the cargo side, so okay.

8 CAPTAIN MARLOW: Captain Nitkin is coming
9 up because he, he schedules the cruise ships,
10 and --

11 CAPTAIN NITKIN: We deal with this every
12 week.

13 MR. ASSAL: Every day. No, and I'm
14 familiar with the seasons, because I'm familiar
15 that, you know, the Port of Miami has eight
16 cruise ships, say in one day, and they might
17 have five cargo ships at the same time. I'm
18 just talking about scheduling. If it
19 increases, I mean we know what the port's
20 capacity is right now, would the Biscayne Pilot
21 Association, would they need any more pilots.

22 CAPTAIN MARLOW: So if the increase were
23 to the number of cargo ships right now I think
24 we're okay, because again cargo ships come
25 dispersed 24/7. Cruise ships are, are lumped

1 into a period that drives huge peak demand, and
2 huge numbers of pilots on duty to, to
3 accommodate that. But as cargo ships come in
4 -- the cargo ships are less demanding on the
5 pilotage organization than, than cruise ships.
6 So to, to put it another way, cruise ships are,
7 are 65% of revenue, give or take, and 35% of
8 handles, but they, the entire system is, is
9 driven and created, and run for their benefit.

10 They -- they receive priority service.
11 They receive premium service. And -- and many
12 times cargo ships have to wait because there's
13 a convoy of cruise ships coming in, and that
14 can be an issue when you have a 1,200'
15 container ship that is on charter for, I don't
16 know what the exact numbers are but I'm just
17 going to venture, tens of thousands of dollars
18 per hour, and for it to have to wait two hours
19 when they're ready to leave because a cruise
20 ship convoy is coming in, the, the entire
21 system is created and, and governed in Biscayne
22 Bay around cruise ship demand.

23 And in other ports there are other mixes
24 of, of traffic, and they have completely
25 different systems and, and completely different

1 needs to service their stakeholders, their
2 consumers. But the point is every port is
3 completely different, when you go to compare to
4 it's very difficult.

5 MR. ASSAL: That's why I wanted to make
6 sure that comparison, if that was brought up --

7 CAPTAIN MARLOW: Yes.

8 MR. ASSAL: You got to look at the
9 comparison. When you talk about Houston, and
10 it's predominantly container, and predominantly
11 oil, I mean it's steady, I mean it's not like
12 cruise ships, so when we're doing the
13 comparison there's a difference as to amount of
14 pilots.

15 CAPTAIN MARLOW: Well, you're comparing --

16 MR. ASSAL: You would need more pilots,
17 you're saying, here, for less handles, right?

18 CAPTAIN MARLOW: We -- we need more pilots
19 because we have peak demands here. That's a
20 strong driver of the number of pilots that we
21 have; is that --

22 MR. ASSAL: Seasonal. Seasonal, right,
23 it's not all year.

24 CAPTAIN MARLOW: It is --

25 MR. ASSAL: Five months out of -- five

1 months out of the year.

2 CAPTAIN MARLOW: It is more intense.

3 Yeah, it is more intense, you know, it's more
4 like six at least. It's more intense for six
5 months out of the year, but weekends are always
6 busy, yeah.

7 MR. ASSAL: All right, thank you.

8 CAPTAIN NITKIN: Mr. Chairman, I am
9 chairman of Biscayne Pilots, and I -- if I may
10 just address a couple of things with what --

11 CHAIR: Are you answering a question that
12 one of the board members --

13 CAPTAIN NITKIN: May -- yeah, may I just
14 elaborate on that, or did you already get your
15 question answered?

16 MR. ASSAL: No, I understand his question,
17 but that's fine, go ahead, go ahead.

18 CAPTAIN NITKIN: As far as looking into
19 the future, I'm looking, that's my job, and
20 it's happening since the dredge. We are now, I
21 call it the new port because it is now trying
22 to grow into this new deep dredge, or big ship
23 ready port, and with that there's growing pains
24 everywhere, including in the new canal, they're
25 having problems. And we are now seeing that

1 the cargo is showing up in these morning
2 periods, very much like the cruise lines do.

3 Cargo has, because they're so large they
4 have windows of opportunity to come in and
5 sail, there are closed windows where they can't
6 because of the size of them, the currents, and
7 the depth of the waters, so they are under, and
8 we are under a lot of pressure to make things
9 happen, and we're moving a lot of ships at the
10 same time.

11 The cargo ship will be on our schedule
12 right up to the, we're ready for the next
13 morning, and then it drops off to the next day.
14 There's no -- it -- the one thing that changes
15 the most around in our occupation are the
16 scheduling of all the different ships. Even
17 the other day we, medical emergencies show up
18 out of nowhere, and we did everything to
19 scramble, and we got a pilot on that ship to
20 bring that passenger to the berth.

21 It's -- we're taxed at the numbers we're
22 at, and it's, we never know what's, what the
23 schedule is going to be until it actually
24 happens.

25 CHAIR: Commissioner Kurtz.

1 MS. KURTZ: Do you ever have to call in
2 more than your compliment of 9 to service a
3 peak period?

4 CAPTAIN MARLOW: More than the 9?

5 MS. KURTZ: More than half of your pilots,
6 there's 9 on watch --

7 CAPTAIN MARLOW: You know, that is --
8 that's why we're pretty much at the magic
9 number, because we -- the size of the port
10 really doesn't allow more than 9. We are at 9.
11 We have 9 pilots who actually are on a ship and
12 involved in maneuvering, or standing by for a
13 ship to go by so they can go. But we have,
14 luckily it seems to work out that you really
15 cannot move 9 in a, in a period of time, where
16 you can't recycle one back.

17 MS. KURTZ: That was -- I was going to
18 lead into that. So on a, let's say a peak day
19 where you have -- I looked at one of the
20 schedules that you had screenshotted (phonetic)
21 from dispatch, and I think there were seven
22 passenger vessels and three or four cargo, so
23 that would be more than 9 to --

24 CAPTAIN MARLOW: Right.

25 MS. KURTZ: So you're saying the first

1 person that would come and get the next --

2 CAPTAIN MARLOW: We -- correct. The first
3 one finished is recycled back out, and the
4 trend is, everybody's -- it's a one way parade.
5 Everybody is coming in all at once. If it's
6 some coming in and some leaving we could even
7 disperse it a little, use the outbound pilot to
8 take an inbound in, but at those peak times
9 it's all one way, so it's very taxing on the
10 pilot numbers.

11 MS. KURTZ: And so let's say you had
12 twelve vessels that wanted to sail between 1600
13 and 1730, if somebody is waiting to come in
14 they would have to wait, they, they wouldn't be
15 able to come in for two hours to fit your --

16 CAPTAIN MARLOW: If it's -- correct. We
17 try to bring them in. If the ships are -- once
18 one cruise ship leaves and starts moving the
19 channel is occupied. If it gets outside before
20 another cruise ship gets underway, and we have
21 a cargo ship, we'll try to get that cargo ship
22 in. But usually when one goes, another
23 fifteen, twenty minutes, half an hour,
24 whatever, another one goes, so the channel,
25 it's one way outbound. But we will do cargo

1 and cruise, both outbound. We don't just favor
2 cargo or favor cruise, we favor because you
3 have to be outbound.

4 But we find that with the large ships, you
5 can't be moving two big panamax ships at the
6 same time. One is moving, does the maneuver
7 and gets out of the way, then the other one can
8 get underway, but they're both not moving at
9 the same time.

10 MS. KURTZ: Thank you.

11 CHAIR: Okay, let me just pile on. So you
12 have a system where you track the number of
13 hours worked by a pilot by week, or by day, or
14 something like that?

15 CAPTAIN MARLOW: The -- I mean the answer
16 is that we are -- and again it's mentioned in
17 the investigative committee report, but we are
18 -- it's a bit like a fireman. Sometimes it
19 rains, sometimes it, it pours, but you're
20 always on standby, it's 24/7 while you're on
21 duty.

22 CHAIR: No, I understand. I understand
23 the --

24 CAPTAIN MARLOW: And we are on a rotation,
25 exactly, so -- so if we're tracking the, the

1 hours worked by --

2 CHAIR: Yes. If I asked you to produce
3 the report that shows the number of hours that
4 a pilot went to work on a given week could you
5 produce that?

6 CAPTAIN MARLOW: Well, we -- we work in,
7 in a lot of different ways, as we said. So
8 when I'm on duty I'm -- regardless of whether I
9 have a ship in the next couple hours or not I'm
10 monitoring conditions, I'm monitoring traffic
11 in the port, and so the work that we do is, is
12 not like, okay, I climbed up the pilot ladder
13 and punched a time clock and now I'm working,
14 and then when I get off I'm done. It's -- it's
15 a continuous work process of -- we're on a
16 rotation, and throughout that rotation, we're
17 required to maintain that rotation so we have
18 adequate rests so we're constantly fit for
19 duty, and we -- sometimes in that rotation of
20 numbers we're extremely busy, and then it will
21 slow down a little bit, but it could be very
22 busy all the time depending on the
23 concentration of traffic.

24 CHAIR: Okay, so let me help you. So you
25 -- you do have that rotation schedule that you

1 could publish that would show a number of hours
2 that a pilot is on the facility, right?

3 CAPTAIN MARLOW: I'm not sure how to
4 phrase this the right way. We -- we rotate by
5 -- the way it works is a pilot is assigned as
6 Unit 1's job -- and this is common in pretty
7 much all pilot associations, with some
8 variation in the, the exact methodology, but we
9 have a Unit 1. Unit 1, his job is to get every
10 single ship that he can possibly get when he's
11 on that particular twelve hour shift. And then
12 when that twelve hour shift is over he becomes
13 a different number that is a little bit slower
14 so that he can get his required rest, but he
15 could still be called. But the intent is for
16 the rotation following the really busy rotation
17 to be a little bit slower, and then he comes
18 back and rotates the busy numbers.

19 Now, if Unit 1 is on a ship, and the
20 concentration of traffic is such that Unit 1
21 cannot get another ship that wants to move at
22 the same time, Unit 2 is assigned to that ship.
23 And the same thing happens if there is a third
24 ship and a fourth ship. And eventually what
25 happens is we get up to nine ships, so we have

1 9 pilots on duty at exactly the same time,
2 including the guy that was just Unit 1 on the
3 previous twelve hour watch who is, you know,
4 fatigued, and has to be rested at some point,
5 and things like that.

6 And we -- we have nine units on shifts
7 waiting ready to go, and, and then if we can
8 recycle somebody to, you know, for example if
9 there's an outbound ship, and there's an
10 inbound ship immediately following, we can have
11 a pilot go from one ship to the other. But I
12 think what you're getting at is essentially is
13 there an equivalent of a timesheet where we log
14 our specific hours of bridge time, no. The
15 answer is that -- that's not what pilots do.
16 Our job is not just bridge time, it's a lot
17 more than that.

18 CHAIR: Okay. Yes, Commissioner
19 Winegeart.

20 MR. WINEGEART: Are there any times --
21 other than the weekend cruise ships are there
22 any times when you have a need for the peak
23 pilots, like during the middle of the week
24 sometimes is there a number of jobs where you'd
25 need your peak number?

1 CAPTAIN MARLOW: Absolutely. It
2 frequently comes up.

3 MR. WINEGEART: So that's the
4 unpredictable part about it. But you can
5 predict the cruise lines peak time, but there's
6 additional days --

7 MR. ASSAL: On top of that.

8 MR. WINEGEART: -- on top.

9 CAPTAIN MARLOW: Correct, yes. We -- we
10 also have large concentrations of cargo ships.
11 I think -- I don't know how many ships were in
12 port when you all did your port tour, but I
13 don't think it was a particularly busy day.

14 CAPTAIN NITKIN: Tuesday.

15 CAPTAIN MARLOW: But other days you'll
16 come in there and the gentry will be lined up
17 with ships, and then there's a passenger ship
18 that wants to come in, and river ships going,
19 and it's extremely busy, yachts, and different
20 things like that. We -- we have no idea. We
21 are required to have enough pilots on duty to
22 service as many vessels as can possibly be
23 moved in the port based on their demand, so we,
24 we have to provide that level of manning to
25 accommodate that, and it's --

1 CAPTAIN NITKIN: And if I may under the
2 current system with this number we are able to
3 not make ships wait. That is one of the
4 things, safety, and expeditiously. We pride
5 ourselves on that. That is how we do it. So
6 we don't say, well, look, we only have seven
7 pilots, and you now need to sit there for two
8 hours so we can recycle a pilot to you. A lot
9 of ports do that. A lot of ports just, we'll
10 use one guy, he takes it out, they wait until
11 he comes back and takes another. We don't do
12 that. We could go to that, but I don't think
13 our customers would like that, and they would
14 not.

15 And cargo -- that's one of the reasons --
16 the main thing cargo said to me is we support
17 what you do, we do not want to wait or be
18 interfered with by other ships in any delays in
19 any way. And that's their marching orders to
20 us going into this today.

21 CAPTAIN MARLOW: So effectively we are
22 tasked with providing a premium level of
23 service, so whenever a ship wants to go all
24 they have to do is call us and we'll provide a
25 pilot. With the board's indulgence, we could

1 say, I'm sorry, you have to wait because there
2 aren't enough pilots in this port, but I don't
3 think that's the system that we're required to
4 maintain by the State.

5 CHAIR: Any other questions? Commissioner
6 Winegeart.

7 MR. WINEGEART: I have a question on the
8 CPI, and the CPI adjustment. In the statutes
9 it cautions us to, that the CPI does not
10 directly relate to rates, that's to net income,
11 so a CPI adjustment on an annual basis to your
12 rates, how, talk to me about that.

13 CAPTAIN MARLOW: I can answer that in two
14 ways. Number one, the wording of the statute
15 is a little bit bizarre. You can have a rate
16 that has a CPI adjustment on it, or you can
17 have a net income that has a CPI adjustment on
18 it, and it, either way it can be done, so the
19 statute is worded kind of strangely. And --
20 and I heard the concern by Mr. Jennings that
21 he, he's not sure the CPI adjustment ongoing
22 could, could work from a legal perspective. I
23 don't know the answer to that.

24 My opinion is that I think if the, if the
25 board approved a long range adjustment

1 corresponding to the economy that, that they
2 could to try to keep whatever, whatever rate
3 they set whole in read dollars. I think that
4 -- but maybe -- maybe not, that's a legal
5 question. I think the, the glow of what we're
6 looking for is we're looking to, to fix a
7 serious deterioration in our rate that has
8 occurred over the past fourteen years, and then
9 what we, what we need to avoid having to spend
10 millions of dollars in multi year battles
11 because, you know, we say we need a rate
12 increase, and we're met with opposition from
13 businesses that are tasked with minimizing
14 their bottom line, so their, their job is to
15 oppose us, and it creates a battle where, you
16 know, we're a tiny little group of guys trying
17 to serve the public interest battling billion
18 dollar corporations that are teaming up
19 together, any one of them could just crush us,
20 but they're teaming up together to minimize
21 their bottom line.

22 So long story short what we're, what we're
23 seeking in effect is a long term rate, and if
24 it were called the CPI -- I mean the -- the
25 intent when we put it in there as the CPI was

1 that sometimes the CPI goes down and, and there
2 could be a downside for us as well, and we're
3 okay with that because we're still whole in
4 real dollars if, if it's adjusted by a floating
5 amount that is set by a recognized source. But
6 I think ultimately what we're looking for, and
7 if you wanted to say something like a, an
8 initial adjustment of, of bulk, to get us
9 closer to where we were in 2003, following by a
10 progression, or a series of small adjustments
11 that just are best guess at what the economy
12 was in the long term, I think that would
13 accomplish the same thing.

14 CHAIR: Okay, well that's the -- we can't
15 negotiate the --

16 CAPTAIN MARLOW: No, no, I'm just trying
17 to explain what, what our intent was with the
18 CPI.

19 CHAIR: Did he answer your question?

20 MR. WINEGEART: He did.

21 CHAIR: Okay. Is there other questions?

22 MR. WINEGEART: I have -- is -- is --

23 MR. OATIS: I do have one other question.

24 CHAIR: Okay, go ahead.

25 MR. OATIS: Captain for the, the exhibits

1 you put together for one of your charts, it's
2 on Page 128.

3 CAPTAIN MARLOW: 128?

4 MR. OATIS: Correct. It's in Exhibit 7.
5 It says it lays out the concept of an intrinsic
6 discount -- and I guess the clarifying question
7 to make sure I understand the way this is
8 working, so if you look at the charts at the
9 bottom where it talks about the different
10 tonnage groups, you have your 20,000 gross --

11 CAPTAIN MARLOW: I'm sorry, could you
12 speak a little bit closer to the mic? I just
13 want to make sure you're -- any time we're
14 talking numbers, you know, I want to make sure
15 I get it exactly right.

16 MR. OATIS: Understood. So looking at
17 the, the numbers at the bottom, under the
18 20,000 gross tons the way that the computation
19 works is that we have our two charges, the
20 gross tonnage charge and then the draft charge.

21 CAPTAIN MARLOW: Correct.

22 MR. OATIS: Those are added together, and
23 then those are then divided by the average
24 gross tonnage in that class to come up with a
25 basic pilotage rate per gross ton.

1 CAPTAIN MARLOW: Exactly, so -- so the --
2 I think I see what you're keening in on. The
3 -- the -- both the tonnage and draft charge is
4 the total, and then I'm coming up with a total
5 charge per gross ton. And the point is that
6 I'm trying to illustrate that -- so the cruise
7 lines, their main issue with the rate is that
8 gross tonnage is unfair, and so I'm trying to
9 find a way to portray to you -- and -- and the
10 answer -- the real answer is I wanted to know
11 what the answer was myself, because I didn't
12 know. And the way I figured these things out,
13 being an analytical kind of guy, is I lay them
14 out in a spreadsheet, and I chart, and I got
15 through things, and I see what shows me, what,
16 what shows me a trend, and what's just random
17 data. And I saw a trend, that with increasing
18 gross tonnage the piloting charge is less per
19 gross ton, and I just wanted to find a way to
20 illustrate that point for you.

21 MR. OATIS: Okay. And I think -- so I
22 think to what you're saying as well, then the,
23 because it's a combination of the charges it's
24 really, it's a function of that draft charge
25 remaining relatively flat as gross tonnage

1 increases. So that's -- that's what's driving
2 that discount, is that, that the draft fee, the
3 draft charge being included in that total rate
4 you're calculating, but that doesn't really
5 change as the gross tonnage increases.

6 CAPTAIN MARLOW: Cruise ships do maintain
7 a relatively static draft, so as cruise ships
8 go from small ships to big ships the draft,
9 there's an initial increase, but then when you
10 go from big ships to ultra big ships they
11 really don't increase that much in draft
12 because they can't get into the small Caribbean
13 ports that they need to get into. But what --
14 what is the case is that they get wider,
15 because essentially you're trying to float a
16 giant hotel on a very small barge, and so as
17 they get bigger and bigger there are
18 characteristics of the ship that make them more
19 difficult to handle and, and different things
20 like that.

21 MR. OATIS: Okay, thank you.

22 CAPTAIN MARLOW: But you are correct that
23 cruise ships in general, as they increase in
24 size the draft increases at a decreasing rate.

25 MR. OATIS: Yeah, much smaller than the

1 gross tonnage charge.

2 CAPTAIN MARLOW: Correct.

3 CHAIR: Commissioner.

4 CAPTAIN MARLOW: Or -- and I'm sorry, just
5 to clarify that, on Exhibit B there's, in your
6 investigative committee report -- let me give
7 you a page number. It was the data table for
8 the bubble chart for cruise -- it's
9 illustrated, exactly what you're saying. I'll
10 give you a page number here. I apologize.
11 Page 141. There's a series of blocks that are
12 highlighted in yellow, and that is the draft
13 revenue per handle. And -- and you're correct,
14 it's, it's basically flat.

15 MR. OATIS: Thank you.

16 CHAIR: Commissioner.

17 MS. KURTZ: So when Captain Stubs was
18 speaking, I was struck by something. I haven't
19 spoken to a deputy about their compensation in
20 a long time. So he said he made about \$36,000
21 the first year, and then -- and I'm not sure
22 it's a question for him. I'm just using him as
23 the example for the numbers I heard, probably
24 through you guys, or whoever does the numbers.
25 And then the next two years of the training

1 program it's about \$72,000 a year, so that's,
2 you know, three years at a fairly reduced rate
3 because he's a deputy and he's not doing the
4 full amount of work.

5 CAPTAIN MARLOW: Correct.

6 MS. KURTZ: And then for a hundred months,
7 so eight point three years he's buying in
8 basically, so is that about 75% of a share, or
9 like how do you do --

10 CAPTAIN MARLOW: The -- the way it works
11 is that we are, when we become full partners,
12 that's when we become subject to the buy in, so
13 it's a full share minus 19%. Essentially we
14 get 81% of a share.

15 MS. KURTZ: Thank you. Okay, so it's 81%.
16 Now, is there any amount of time between the
17 time he passes his sort of, you know, the final
18 exam that's administered by the board, and he
19 starts his buy in, or does that, that starts
20 right away?

21 CAPTAIN MARLOW: No, there's a -- there's
22 a -- it's basically just an intern period. It
23 lasts usually a few months. I don't remember
24 the exact period, but it's not long, where you,
25 you pass the State exam, and then you're

1 waiting for the State to grade the exam and
2 issue your license.

3 MS. KURTZ: Okay.

4 CAPTAIN MARLOW: And -- and once the State
5 issues your license you're a full partner
6 subject to the buy in immediately, but that is
7 a function of the State's processing, and
8 during that period where you've passed the
9 State exam but you're not yet a full State
10 pilot, there's still limitations on what you
11 can do, there's a half share payment, so
12 there's a bump up in pay, but the buy in starts
13 when you become a full partner.

14 MS. KURTZ: Okay, and so when the 81%
15 that, that he receives for eight point three
16 years, is that the 19% comes off the top and
17 he's taxed on 81%, or does he get 100% for tax
18 purposes and then he pays -- because I know
19 groups, some groups do it differently, so I'm
20 just curious how that works.

21 CAPTAIN MARLOW: It -- it's very
22 complicated, and it's the --

23 MS. KURTZ: Simple, just --

24 CAPTAIN MARLOW: I'll give -- yeah, I'll
25 give it to you simple. The answer is yes --

1 you're right. So we are -- for tax purposes
2 what, what actually happens is, is --and I'm
3 subject to the buy in as well. I receive a
4 share distribution at the end of the month that
5 is equivalent to 81% of a share. Now, the way
6 it works for tax purposes is it's treated as
7 though I received the full share, and I'm taxed
8 on that amount, and then the, the treatment is
9 as though I had received the full share and
10 then I gave back 19%, like I had written a
11 check for my buy in, but for simple,
12 simplification purposes, it's much easier to
13 cut down on the process.

14 MS. KURTZ: Okay, so in effect for eleven
15 point three years, so three years of training
16 and eight point three years of the buy in, plus
17 a couple more months, let's just call it eleven
18 and a half years, you know, a pilot is not
19 receiving a full share.

20 CAPTAIN MARLOW: No.

21 MS. KURTZ: So they're not even realizing
22 the full compensation until after eleven point
23 three years.

24 CAPTAIN MARLOW: I can -- because I'm a
25 numbers guy I happen to know how it works out

1 with the -- but yes, the, when you factor the,
2 we call it phantom income, when you factor the
3 tax on the buy in, that is applied to my buy
4 in, it's as though I'm receiving 75% of a
5 share.

6 MS. KURTZ: Right, that's --

7 CAPTAIN MARLOW: So that 19% that I'm
8 buying in, it's actually I'm getting less than
9 that because I have a huge tax bill at the end
10 of the year on money that I never received.

11 MS. KURTZ: Okay, so the -- what I'm
12 trying to get is -- so you can retire after
13 twenty two point something years --

14 CAPTAIN MARLOW: Yes.

15 MS. KURTZ: So you really -- if you choose
16 to retire --

17 CAPTAIN MARLOW: I'm getting my calculator
18 out. I'm getting a little -- I have to get --

19 MR. KURTZ: If you choose to -- if you
20 choose to retire once you're fully vested at
21 the twenty two point something years you're
22 really only receiving full compensation as a
23 full pilot for half the time.

24 CAPTAIN MARLOW: About twelve years.

25 MS. KURTZ: So, you know, this concept

1 that, you know, pilots make all of this money
2 for twenty years --

3 CAPTAIN MARLOW: Correct, it's -- and it's
4 --

5 MS. KURTZ: -- isn't really true.

6 CAPTAIN MARLOW: It is -- it is somewhat
7 frustrating as a new guy to hear numbers tossed
8 around about what pilots make.

9 MS. KURTZ: Because you do have a lengthy
10 buy in.

11 CAPTAIN MARLOW: We do.

12 MS. KURTZ: This is a much longer buy in
13 than we have where I work, so --

14 CAPTAIN MARLOW: And it's eight years,
15 yeah.

16 MS. KURTZ: Right. So I just wanted to
17 point -- I wanted to make sure I was doing the
18 math right, and I had all my fingers and toes
19 out, so I --

20 CAPTAIN MARLOW: You're correct.

21 MS. KURTZ: But really a fully compensated
22 pilot is only receiving that for, you know,
23 potentially half of their career if they choose
24 to go early.

25 CAPTAIN MARLOW: That -- that's true. And

1 the --

2 MS. KURTZ: When I say early, you know, if
3 you do the buy in, and you know, you get out at
4 fifty five, but that leaves -- sorry, I'm going
5 just --

6 CAPTAIN LILLY: But upon retirement they
7 sell it back.

8 MS. KURTZ: Then they get -- well, they
9 get their buy out.

10 CAPTAIN LILLY: So it's really deferred
11 compensation.

12 CAPTAIN MARLOW: It's an -- it's -- I
13 would think of it as a, you know, it's more
14 like an equity purchase. You're buying a share
15 of the business, and you get that share back.
16 The issue that --

17 MS. KURTZ: Well, the value of the share
18 changes from --

19 CAPTAIN LILLY: It will go up.

20 CAPTAIN MARLOW: The value of the share
21 changes, and there's a chart in your packet
22 that, that shows what happens. You're --
23 you're buying in to a, a higher, 19% of a
24 higher net income stream -- it's Chart 139.
25 It's just an illustration -- it's accurate.

1 But you're buying into 19% of a \$372,000 income
2 stream, as an example, and you're getting
3 bought out of a 19% share of a lower net income
4 stream of \$282,000, so it's an equity purchase
5 that loses money, and you pay tax on it up
6 front. So yeah. And -- and the key to that --
7 the key to keeping this from happening is our
8 revenue has to keep pace with the rate of
9 inflation, because by definition our expenses
10 go up with inflation. So if our revenue goes
11 up with inflation, and our expenses go up with
12 inflation, as they already do, then our, our
13 buy in and our buy out would be 19% of the same
14 number. But as revenue declines --

15 CHAIR: We got it.

16 MS. KURTZ: Okay. All right, next
17 question. There was some talking about, you
18 know, pilots leaving at fifty five, and so, you
19 know, potentially this, you know, generous
20 retirement was going to be paid, you know, the
21 life expectancy, was it twenty eight years on
22 top if you retire at fifty five. Do you have
23 pilots that leave at fifty five?

24 CAPTAIN MARLOW: The -- you know it
25 depends on when you start, right, so you have

1 to have --

2 MS. KURTZ: Well have you -- I'm so sorry
3 to interrupt. Historically, maybe in the last
4 ten years, maybe Stuart or John can answer
5 this. In the last ten years have you had
6 pilots leave at age fifty five, that you know?

7 CAPTAIN LILLY: One.

8 MS. KURTZ: One? And of the other pilots
9 that retired, how old were they roughly? Do
10 they tend to stay?

11 CAPTAIN LILLY: They stay, yes. And
12 that's the key to this. You put so much --
13 this whole pilot system, as I said on the boat
14 tour, the whole tour there, is about passing on
15 all this information and experience from
16 generation to generation, and it's a hundred
17 and seven, a hundred and six years now of this
18 passing forward. And it takes so much time and
19 commitment to come, take the exam, participate,
20 get trained, and get up to that level where you
21 are so expertise --

22 CHAIR: Okay, let's just --

23 MS. KURTZ: Right, but where I'm going is
24 just that, you know, if your pilots are
25 retiring later the retirement is not going to

1 pay for that theoretical twenty years of life
2 expectancy, it's really a shorter period
3 because most of your pilots retire later.

4 CAPTAIN MARLOW: Well, we've -- we've had
5 -- we've had at least one pilot that retired
6 while I was here at seventy?

7 CAPTAIN LILLY: Yeah, at seventy two.

8 CAPTAIN MARLOW: And we have a sixty nine
9 and a seventy year old right now still working
10 who will not give us a retirement date. And
11 but as a group, and to the customer it's
12 better, the longer the pilot stays, that
13 experience level, so.

14 MS. KURTZ: Right. But my question was
15 just sort of, you know, toward, you know, it's
16 really a benefit to you if your pilots stay
17 longer, because then the retirement doesn't get
18 paid through --

19 CAPTAIN MARLOW: It benefits the customer
20 more because we're not in this greater big
21 expansion, big port, and if you have all young
22 inexperienced majority it's not going to work
23 well to the future, so.

24 CHAIR: Okay, any other questions? All
25 right, Ms. Blanton, would you like to close?

1 MS. BLANTON: Very briefly. And I know
2 you want me to be brief, and I will do so.
3 First of all I would like to thank you all for
4 your time, for your attention, for your good
5 questions. I felt like this committee was
6 listening to what the witnesses said, and
7 that's really important, and we do appreciate
8 it. I know you're all volunteers, and thank
9 you for your public service.

10 Very briefly, I'll just start back at the
11 very beginning where we started yesterday.
12 When Captain Marlow was testifying up here, it
13 seems like yesterday because it was, it was
14 earlier this afternoon, or this morning I
15 guess, he said, he referred to the Walmart
16 method of squeezing pennies in referring to the
17 cruise lines, and I would just add to that
18 that, yes, that's what they're doing, but
19 they're pennies they don't even pay. And we
20 had that discussion yesterday, that it's passed
21 on to the passengers, the cruise lines don't
22 pay the charge. So I just wanted to briefly
23 clarify, or add to the point that Captain
24 Marlow made on that.

25 The other thing I would very briefly like

1 to do is just circle back also to where we
2 started yesterday, and that's to the statutory
3 factors. And this goes to the, the chart that
4 FCCA put up with the twelve factors, which I
5 really consider thirteen because there's the
6 one about the CPI at the end. And I -- I want
7 to tell you that you've heard testimony as to
8 every single one of those factors from the
9 pilots.

10 The primary consideration to the public
11 interest; we heard a lot about that from Mr.
12 Kirchner, from Captain Lilly, from Mr. Donney.
13 We heard about the pilots being big ship ready,
14 and about how they worry about what if. And we
15 heard about what would happen if there were an
16 accident. And these guys are constantly
17 focused on the public interest, and I think we
18 heard a lot of testimony about that today.

19 The second factor is that, the public
20 interest in having qualified pilots available
21 to respond promptly, that word is in our
22 statute, to vessels needing their service.
23 That's why we have, you know, we need the
24 number of pilots we have, because of the peak
25 demand that we heard about. They don't make

1 the ships wait. They -- they are there, and
2 they're available, and they go there when the
3 cruise ships want to come in, and when the
4 cargo ships want to come in. We heard a lot of
5 testimony about that from a number of
6 witnesses.

7 Third factor; committee shall also give
8 consideration to average net income of pilots
9 in the port, including the value of all
10 benefits derived from service as a pilot. Did
11 we ever hear a lot about that. We heard a lot
12 about what the value is. I would go -- I have
13 worked a lot in the last few months with
14 Captain Marlow, who I'm just continued to be
15 amazed with his charts, and his knowledge, and
16 his presentation, and I will tell you I've
17 learned a lot. The one point he made that I
18 think is very important is that the average net
19 income of the pilots in the port is \$282,000
20 now based on the way he calculates it, and it
21 was \$372,675 in 2003. And if you consider
22 inflation it's a lot less than that, so the net
23 income of these guys has gone down.

24 The next factor; the committee shall give
25 consideration to the reasonable operating

1 expense of the pilot. We've heard a lot about
2 that too. One point that particularly struck
3 me is when Captain Stubs was up here. He
4 talked about these boats. We've got a forty
5 year old pilot boat. We've got a thirty year
6 old pilot boat approximately, and a pilot boat
7 that's around twenty five years old. It costs
8 between a million and 2.2 million to replace
9 these. They've got to be replaced. We've got
10 a dock that's falling in the water that's going
11 to be replaced.

12 They have a lot of expenses, and I don't
13 thin I've heard much testimony, if any, that
14 these expenses are unreasonable. We did hear
15 some testimony from FCCA about the generous
16 benefits, and the fact that they pay their
17 employees their full health insurance, and,
18 gosh, no one would ever do that. Well, since
19 we left here -- first of all my law firm pays
20 full health insurance for all of our employees,
21 all of our secretaries, all of our full time
22 employees. I've talked to people in the
23 hallway, accountants that are here, and others,
24 sure we pay our employees' health insurance
25 cost. That's not that uncommon. It doesn't

1 happen everywhere, but it does happen a lot of
2 places.

3 The committee shall give consideration to
4 pilotage rates in other ports. I'm not going
5 to belabor that because we've heard from Mr.
6 Dibner. We heard from Captain Quick. We heard
7 from Mr. Law, your accountant, who pointed out
8 that the administrative law judge five years
9 ago found that the average pilot compensation
10 was \$400,000. We've heard about that. I don't
11 think -- other than FCCA no one here has
12 determined that these pilots have that kind of
13 compensation, and in fact they are in the
14 bottom, near the bottom according to Mr.
15 Dibner's figures, of most ports nationally, and
16 even in the state they are not at the top, so
17 even thought they are the biggest and busiest
18 port.

19 Committee shall give consideration to the
20 amount of time each pilot spends on actual
21 piloting duty, and the amount of time spent on
22 other support services. As Captain Lilly said,
23 and I think he said it very well, is that they
24 aren't a valet service. You can't just count
25 the four and a half hours that they spend going

1 to and from a ship. And -- and I believe
2 that's the figure that's in Mr. Law's report,
3 is four point five hours. They do a lot of
4 other things. This is a pilotage system, as
5 we've heard. They have institutional knowledge
6 of the port, and they're doing a lot of things,
7 including serving as harbormaster, which for
8 now they don't get compensated as.

9 Committee shall also give consideration to
10 the prevailing compensation available to
11 individuals in other maritime services of
12 comparable professional skill and standing.
13 Administrative law judges in previous pilotage
14 rate cases have found that the comparable
15 standard that you should look at there are
16 other pilots in other ports, and that's
17 precedent that those of who are lawyers feel
18 bound to follow. Precedence is pretty
19 important. And when you look at the comparison
20 to other pilots in other ports, I think you've
21 heard quite a bit of that from Mr. Dibner and
22 from Captain Quick.

23 We talked about the impact the rate change
24 will have on individual pilot compensation, and
25 whether it will lead to a shortage of licensed

1 state pilots, certificated deputy pilots, or
2 qualified pilot applicants. I think we've
3 heard a lot of testimony about the competitive
4 nature of getting the best and the most
5 qualified pilots here. Mr. Law I believe said
6 in his report that individual pilot
7 compensation would drop about \$100,000 if the
8 FCCA application is approved, and ours is not
9 approved. That's a big chunk of change when
10 you're talking about \$282,000, which is what
11 their net income is now.

12 I think you also heard some testimony from
13 others who have said that Miami is not looked
14 at nationally anymore as a favorable place to
15 come to work among pilots. We heard some
16 testimony about that. They're concerned about
17 the, not only the high cost of living here, but
18 the relatively constant attack from the cruise
19 lines, and the necessity to spend three years
20 litigating a case like this, and the \$1 million
21 that it cost.

22 Projected changes in vessel traffic is yet
23 another category. We've heard a lot about that
24 from Captain Marlow, who talked about the cargo
25 ships are getting bigger, and that the cruise

1 ships, we're getting more and more small cruise
2 ships. We are -- we certainly have gotten some
3 bigger cruise ships, but really what we're
4 seeing is a lot more smaller cruise ships,
5 right, that is shown on his many charts,
6 including the bubble chart that he pointed out.
7 So the ships are getting wider, which is a less
8 margin of error, as Captain Lilly testified,
9 and you know, the gross tonnage of these ships,
10 the composition of those changes from year to
11 year, but the trends are not what the cruise
12 lines tell you, that ships are getting bigger
13 and bigger and bigger, and therefore the pilots
14 are somehow getting a windfall. It's just not
15 that simple.

16 The Committee shall also give
17 consideration to cost of retirement and medical
18 plans. We've heard a lot about the retirement
19 plan. I'm not going to say anymore about it.
20 You've heard a lot of testimony about it, and
21 so I think we've put on the kind of case we
22 need to put on concerning that factor.

23 Physical risk inherent in piloting. I
24 know you all have been out to the port. I know
25 you've seen the videos. You've heard about

1 what's involved. It's tough on the knees, the
2 shoulders, the ankles. You climb up and down
3 the ladders. The pilots who are still here at
4 sixty nine and seventy, I tip my hat to them
5 because I'm not that old but I know I sure
6 couldn't climb up and down that ladder at sixty
7 nine or seventy, if now. So it's not an easy
8 job, as Mr. Kirchner, or Mr. Donney rather,
9 testified, you know, some of the comparisons
10 made in the FCCA application to file clerks and
11 librarians, and these kinds of things, is just,
12 it's almost absurd. I mean it's a tough
13 physical job. I don't think anybody doubts
14 that.

15 Special characteristics, dangers, and
16 risks of the particular port. It's a complex
17 port, as Captain Lilly testified to. It's
18 crowded. They've got a narrow channel.
19 There's a tight turning basin. And we have
20 something called the malfunction junction
21 turning basin? It's not an easy port. It's
22 complicated. I think there was a study that
23 you heard testimony about, that it has an eight
24 point seven out of nine point zero complexity
25 factor, so it's not the easy, easy port that

1 has been suggested by the cruise lines.

2 Any other facts the committee deems
3 relevant in determining a just and reasonable
4 rate. I'll leave that one to you all because
5 that's up to the committee.

6 Finally the CPI, which we've talked a lot
7 about. This -- this statutory factor says the
8 committee may give consideration to the
9 consumer price index, but it cannot be used as
10 the sole factor in fixing rates of pilotage.
11 We've heard a lot of testimony about the CPI
12 and why it's needed, and what the pilots are
13 trying to accomplish by seeking a CPI increase,
14 which could be a decrease, it could go up or
15 down. I would submit -- and lawyers, you know,
16 you can ask five lawyers what this language
17 means and you'd probably get five different
18 opinions, right, and so I, Mr. Jennings and I
19 can probably argue about this on another day,
20 but I would suggest that you are, if you
21 approve the requested increase of the pilots
22 you are looking at all the factors, all twelve
23 of the ones that I just talked about, and
24 factoring those in to the need for a CPI
25 increase if you chose to give one, so I don't

1 view it as the sole factor. I view it as an
2 increase that would be justified by considering
3 as well all of the other factors into that.

4 So again I once again thank you for your
5 time, and we certainly appreciate your
6 consideration of our request.

7 CHAIR: Thank you. Thank you for your
8 entire team. Great presentation. And you all
9 did a great job of informing us. I know we've
10 all learned a lot.

11 (Thereupon, above proceeding concluded.)

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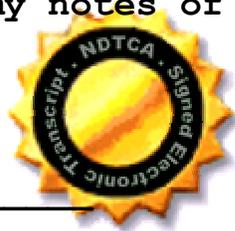
C E R T I F I C A T E

(STATE OF FLORIDA)

(COUNTY OF MIAMI-DADE)

I, NATHANIEL TORO, Reporter, certify that I was authorized to and did report the foregoing proceedings and that the transcript is a true and correct transcription of my notes of the proceedings.


NATHANIEL TORO Reporter



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