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May 18, 2020

Via U.S. mail and email: Amanda.Ackermann@myfloridalicense.com

Ms. Amanda Ackermann, Executive Director
Pilotage Rate Review Committee
Department of Business and Professional Regulation
P.O. Box 5377
Tallahassee, FL 32314-5377

RE: Application for Change of Rates of Pilotage at Port of Jacksonville and
Fernandina by St. Johns Bar Pilot Association and Fernandina Pilot, LLC
Our File No.: 94818-7

Dear Ms. Ackermann, Chair Benson and Commissioners:

As you may recall, our office is counsel to Crowley Puerto Rico Services, Inc., Crowley Liner Services, Crowley Latin America, and Crowley Caribbean Services, LLC (collectively "Crowley"). We write in connection with the Notice of Intent to Modify the Rates of Pilotage for the Combined Port of Jacksonville and Fernandina filed April 27, 2020 (the "NOI"). This correspondence is sent without waiver of Crowley's rights under the Administrative Procedures Act including its rights under Fla. Stat. § 120.57.

Crowley was represented at the January 22, 2020 public rate meeting by its Chief Legal Counsel, Alan Twaits. Mr. Twaits commented on, inter alia, the lack of meaningful notice that was provided to Crowley – a major operator at JAXPORT – of these rate proceedings, as well as the interrelatedness between the subject application and the rates approved by this Committee for Port Everglades which are currently the subject of an appeal pending before the First District Court of Appeal. Mr. Twaits also discussed the adverse impact the proposed rate increase would have on Crowley's operations in JAXPORT.

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Also, present at the rate hearing was Carnival Cruise Line Senior Vice President Terry Thornton. Mr. Thornton asked the Committee to postpone implementing the new rates for six (6) months in order to allow port users some time to adjust their operations in anticipation of the requested rate increase. The Committee agreed to that request, approving the St. Johns' Pilots' application, with the new rates to become effective July 1, 2020.¹

No one could envision the COVID-19 pandemic at the time of the January rate hearing. The Caribbean and Latin American liner and logistics operations of Crowley and its affiliates have been devastated by this pandemic. Manufacturing has ground to a halt and factories closed throughout the region. Demand has dried up as governments have imposed strict stay at home mandates and curfews for essential work. Crowley has been forced to engage in furloughs, layoffs and company-wide salary reductions. Still, Crowley continues to transport essential goods and services throughout the region, including North Florida (JAXPORT) and South Florida (Port Everglades).

Respectfully, Crowley should not be asked to shoulder the burden of another pilotage rate increase given the current state of uncertainty and heavy strain on its operations. Like many logistics companies Crowley will require months if not years to dig out of the COVID-19 hole.

Notably, at the outset of the COVID-19 pandemic all Florida harbor pilots received a two (2) month waiver of assessments as required under Rule 61G14-19.001. *See* State of Florida, Department of Business and Professional Regulation, Emergency Order 2020-04 at ¶ 10. No similar accommodation has been made for cargo operators like Crowley who have been similarly impacted by the COVID-19 pandemic.

Crowley has always viewed the St. Johns Pilots as indispensable partners in its business. Crowley has never opposed reasonable, market based rate increases in rates of pilotage that are adopted in a fair and transparent manner. These are no ordinary times. Crowley depends on the St. Johns Pilots to safely pilot their vessels in and out of JAXPORT. And without operators like Crowley the St. Johns Pilots will not have vessels to pilot. A rate increase at this moment in time significantly burdens its cost structure, already under tremendous stress, while it is trying to maintain services at JAXPORT.

¹ In actuality, the Committee effectively postponed the new rates by only 1 month where the NOI was not published until April 27, 2020 and the deadline to request an administrative hearing has been extended by Executive Order until June 1, 2020. To be clear, Crowley does not fault the Committee for any delay in publication of the NOI as the Committee and its members have been dealing with the same issues, in both their personal and professional lives, discussed in this letter submission.

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For these reasons, Crowley respectfully requests that the Committee stay the implementation of the new pilotage rates through the end of the calendar year. This request to delay implantation of the new rates until **January 1, 2021** reflects a (6) month delay from the previously planned July 1, 2020 effective date. Crowley believes this would provide it, and all other similarly situated port operators, time to adjust to the new post-pandemic “normal” and incorporate the subject rate increases, if not otherwise reversed, into its business.

Thank you for your time and attention to this matter. I remain available to respond to questions and provide additional information as needed to assist the Committee in deciding these important matters.

Very truly yours,

Jordan S. Cohen

Jordan S. Cohen

JSC/mc

cc: Donna McNulty, Esq. (for PRRC)
George N. Meros, Jr., Esq. (for St. Johns Bar Pilots)
Crowley