

# **EXECUTIVE SUMMARY**

## **Pilotage Rate Review Board**

### **I. General Information**

Meeting Type: Pilotage Rate Re-hearing  
Meeting Date: Monday, June 29, 2009  
Meeting Location: Hyatt – Jacksonville Riverfront  
225 East Coastline Drive  
Jacksonville, Florida 32202

#### Attendees:

Honorable Clarence Johnson, Chair  
Rick Hugins, Vice Chair  
Steve Reynolds

Robyn Barineau, Executive Director, Department of Business and Professional Regulation  
Elise Rice, Government Analyst, Department of Business and Professional Regulation  
Ed Tellechea, Senior Assistant Attorney General, Office of the Attorney General  
Richard Law, Certified Public Accountant and Board Consultant  
Galen Dunton, Board Consultant  
Joe Brown, President, Florida State Pilots Association (FSPA)  
Ben Borgie, FSPA  
Jorge Viso, immediate past President, FSPA  
Gary Maddox, FSPA  
Eric Bryson, St. Johns Bar Pilot Association  
Tim McGill, St. Johns Bar Pilot Association  
Jay Weingart, St. Johns Bar Pilot Association  
John Atchison, St. Johns Bar Pilot Association  
Judy McQuaide, St. Johns Bar Pilot Association  
Allen L. Thompson, Jr., Executive Director, Tampa Bay Pilots Association  
John Wrasse, Tampa Bay Pilots Association  
Brian Seuter, Cumberland Sound Pilots Association  
Mike Cunningham, Port Everglades Pilots Association  
David Ulrich, Port Everglades Pilots Association  
Reid Hansen, Palm Beach Pilots Association  
Brendan McMillin, Canaveral Pilots Association  
Michelle Paige, President, Florida Alliance of Maritime Organizations (FAMO)  
Brendan Corrigan, Senior Vice President, Carnival Cruise Lines  
Phillips Bates, Senior Vice President, SeaStar Line  
William Wright, Senior Vice President, Royal Caribbean International  
Thomas F. Panza, Panza, Maurer and Maynard, P.A., Attorneys for FAMO  
Diane Beach, Panza, Maurer and Maynard, P.A., Attorneys for FAMO  
Caroline E. Bissett, Panza, Maurer and Maynard, P.A.  
Julie Myers, Smith, Bryan and Myers, P.A., Lobbyist for FSPA  
Mike Watson, American Pilots Association and International Maritime Pilots Association  
George Quick, Vice President, International Organization of Master, Mates and Pilots  
Dew F. Winters, Durst and Harndon, P.A.  
Joseph Sachs, Certified Public Accountant  
Brent Dibner, Dibner Maritime Associates, LLC

Captain John Zapf, Retired  
Richard Woerner, Office of Program Policy Analysis and Government Accountability  
(OPPAGA)  
Bill Howard, OPPAGA  
Tami Porter, Horizon Lines  
Carole Cowgill, Dixon Hughes  
Ed Salek, Dixon Hughes  
Bill Weisenborn, Sea Star Line  
Shirley Johnson  
Kristen Bridges, FSPA  
Lindsey Cruley, FSPA  
Jennifer Nuggent Hill, Tropical Shipping  
Tony Hogg, Florida Docking Masters  
Margie Kline, Court Reporter

## **II. Major Issues/Actions**

- The board agreed, as did the interested parties, to forego another full presentation by the St. Johns Bar Pilot Association since a complete transcript was included in the agenda detailing all discussion from the March 31, 2009, hearing. All parties agreed to supplement the original testimony.
- The board's investigative committee, Mr. Richard Law, reminded the board that the Port of Jacksonville is a very challenging port. He added that the St. Johns Bar pilots were granted an increase in 1993 of five percent, six percent in 1997, and in 2000, they were granted three consecutive increases of three percent for 2001, 2002, and 2003. He reminded the board that the current rate increase request includes increases of eight percent for the first year, 7.85 percent for the second year, and 7.23 percent for the third year. Mr. Law informed the board that traffic remains stable in the Port of Jacksonville. He added that Jacksonville's rates are lower than the rates of Savannah and Charleston, the two closest ports to Jacksonville. Mr. Law reminded the board that the pilot association has made some recent significant improvements with the renovation of their pier and the addition of a new pilot boat in 2007. He added that the St. Johns Bar Pilots' compensation in 1995 was in the mid \$200,000 range; in 1999-2000, their compensation was \$317,000 - \$320,000; and in 2006-2007, their compensation was \$402,000 - \$405,000. They are doing their best to attract and retain the best pilots in Florida. Mr. Law added that the St. Johns Bar Pilot Association operates frugally with fair and reasonable expenses. He mentioned that their largest cost is their retirement plan.
- Captain Eric Bryson, Pilot from the St. Johns Bar Pilot Association, informed the board and other meeting attendees that the St. Johns Bar Pilot Association is working with the port and others to ensure the economic success of northeast Florida. He added that since 2001, the association has invested over \$8 million in two pilot boats, a new pier to withstand a category five hurricane, and replaced their entire automobile fleet used by on-duty pilots. Since the March 31, 2009, hearing, the association has hired two additional boatmen. They intend to hire a maintenance technician at a cost of approximately \$50,000, and an executive director at an approximate cost of \$80,000. The association also intends to spend \$500,000 over the next five years to conduct in-house radar simulation training for all pilots. He added that discussions continue with regard to the need for additional deputy pilots.
- Mr. Brendan Corrigan, Senior Vice President of Carnival Cruise Lines; Mr. Phillip Bates, Sr. Vice President of SeaStar Line; Captain William Wright, Senior Vice President of Royal Caribbean Cruise Lines; Ms. Michelle Paige, President of Florida Alliance of

Maritime Organizations (FAMO); and Thomas F. Panza of Panza, Maurer and Maynard, P.A., Attorneys for FAMO, all spoke in opposition to the rate increase requested by the St. Johns Bar Pilot Association. Mr. Corrigan informed the board that there is a current hiring freeze imposed by Carnival Cruise Lines and that revenues have been lower than anticipated, thus, causing Carnival to lower their customer prices. Mr. Bates added that his company sails from Jacksonville to Puerto Rico twice a week and that the trade volume has dropped 30 percent over the last three years. He indicated that his customers are demanding lower prices. Mr. Bates commented that he appreciates the contributions of the St. Johns Bar pilots. Ms. Paige read a statement from Mr. Christopher J. Parvin of Mediterranean Shipping Company, Inc., indicating that revenues have collapsed and costs need to be reduced rather than increased. Captain Wright informed the board that for the first time ever, their company lost money, and that revenues are down approximately 13 percent. Mr. Panza indicated that the addition of boatmen, a maintenance director, and an executive director are part of the cost of doing business and these expenses should not be borne by the rate-payers. He added that if safety were a concern, the additional boatmen would have already been hired before now. Mr. Panza stated that the pilots want a \$400,000 salary irrespective of what is happening around them. He suggested that that Charleston and Savannah were not appropriate ports to make comparisons with, and that there is nothing in the record suggesting that there is a shortage of pilots. Mr. Panza added that the St. Johns Bar pilots provide a valuable service.

- Captain Jorge Viso, immediate past President of the FSPA, spoke to the technological advances onboard vessels. He added that pilot decision making is crucial. Captain Viso informed the board that deputy pilots train under senior pilots for two to three years. He added that classes are provided on bridge management and simulation.
- Captain Mike Watson, President of the American Pilots Association and International Maritime Pilots Association, informed the board that Florida has one of the best and most regulated models of state pilotage. He added that Florida pilots are highly qualified and very well trained as they have a deep understanding of the local rules and the ports they serve. Captain Watson suggested that the regulatory system is transparent and is open and effective. He stated that there is an uninsurable financial risk with a risk of financial ruin and physical death.
- Mr. George Quick, Vice President, International Organization of Master, Mates and Pilots, reminded the board that the St. Johns Bar Pilot Association was not asking for a risk-free, guaranteed income. He reminded the board that the association has long-term capital commitments.
- After all presentations were completed, the board denied the rate increase request of the St. Johns Bar Pilot Association
- The board agreed that should future Motions for Continuance be filed in any rate application matter, the chair would have the delegated authority to act on the motions.
- Mr. Tellechea suggested that the board review their rules for discussion at a future meeting.

### **III. Legislation/Rule Promulgation**

- None at this time.

#### **IV. Action Required**

- Mr. Tellechea will prepare a final order in this matter and forward the order to the board office for filing. A conference call will be scheduled for the board to discuss and approve the final order.

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Robyn Barineau  
Executive Director  
July 6, 2009