

**MINUTES OF THE MEETING
PILOTAGE RATE REVIEW BOARD**

Marriott Palm Beach Gardens
4000 RCA Boulevard
Palm Beach, FL 33410
561.622.8888

January 29, 2007 – 1:00 P.M.
Site Visit – Port of Palm Beach
No Board Business Was Transacted

January 30, 2007 – 9:00 A.M.

CALL TO ORDER

The Honorable Clarence Johnson, Chair of the Board, called the meeting to order at 9:00 a.m.

Members Present

Honorable Clarence Johnson, Chair
Daniel Corn
Rick Hugins, Vice-Chair
Steve Reynolds

Others Present

Robyn Barineau, Executive Director
Elise Rice, Government Analyst
Ed Tellechea, Board Counsel
Richard Law, CPA, Board Consultant
Bill Roden, Palm Beach Pilots Association
Bill Messer, Palm Beach Pilots Association
Mike Cunningham, Port Everglades Pilots Association
David de la Parte, Florida State Pilots Association
Jorge Viso, Florida State Pilots Association
Gretchen Rayborn, Florida State Pilots Association
Tim McGill, St. Johns Bar Pilots Association
Eric Bryson, St. Johns Bar Pilots Association
Charles Hafer, Hafer Company, LLC
Nicole Johnson, Hafer Company, LLC
Matthew Rigby, Palm Beach Pilots Association
Polina Rigby
Jim Harhart, Biscayne Bay Pilots Association
Mike Jaccoma, Biscayne Bay Pilots Association
Reid Hansen, Palm Beach Pilots Association

Kim Dobies, Court Reporter – Official Reporting Service, Inc., Ft. Lauderdale
William Wetzel, Ft. Pierce Pilots Association
John Wrasse, Tampa Bay Pilots Association
Joe Sachs, CPA, PA

Chair Johnson stated that the Board toured the Port of Palm Beach on Monday, and the tour was very informative.

PRELIMINARY DISCUSSION AND PROCEDURAL REVIEW – RICHARD LAW

Mr. Law was sworn in by Chairman Johnson.

Mr. Law gave an overview of the piloting profession and the use of piloting services.

STAFF PRESENTATION – RICHARD LAW

Mr. Law informed the Board that a standard format is provided and required to be reported on. He informed the Board that he always gives an overview of the application and an executive summary which is included in the agenda.

Mr. Law stated that the Palm Beach Pilots Association was requesting a 15% increase. The draft charge would increase by 18% and the tonnage charge by 10%. The minimum draft and tonnage are requested to remain the same at 10 feet and 2000 GRT, respectively and the last rate increase they received was in 1998 which was a 15% increase. Mr. Law informed the Board that the increase was 9% less than the Consumer Price Index. He stated that the number of handles for the pilots is expected to decline. Mr. Law informed the Board that they operate in a very frugal manner and considering their workload, they have no frills.

Mr. Law provided an analysis of the requested rate change and informed the Board that the pilots met with their customers before they made the application, receiving feedback from their users. They agreed to reduce some of the fees after meeting with the users and the port was agreeable to the proposed rate increase.

Mr. Law reported that the five pilots are doing a high volume of work. He also informed the Board that this port could not handle larger vessels due to the small turning basin, so they are limited in the size of vessels brought into their port. He further stated that this was a difficult port due to the currents and bringing in vessels as they sometimes get higher swells than some of the other ports.

Mr. Law reported that the pilots provide an excellent service, there were no complaints from the users, and they are performing to everyone's needs.

Mr. Law informed the Board that since the last increase in 1998, the Consumer Price Index increased by 25%. The Board should consider the Consumer Price Index when making a determination on a rate application.

INTERESTED PARTIES PRESENTATION

Representatives from the Palm Beach Pilots Association, Captain William Roden, State Pilot, and Captain Bill Messer, State Pilot, made their presentation to the Board.

Captain Roden informed the Board that he would give the history of the Palm Beach Pilots and Captain Messer would talk about the challenges the pilots face. He added that Ms. Nicole Johnson will give the reasons for requesting the rate increase.

Captain Roden was sworn in by Chair Johnson. Captain Roden informed the Board of the history of the port. He stated that the need for an increase became clear when business declined. Captain Roden stated that they met with the port director first before they made application and discussed the proposed increase of 19 to 20 percent. They were told that would be too high as no additional traffic was expected to come to the port, so they then decided to lower the increase to 15 percent and called all of the agents. Captain Roden informed the Board that consideration was given to the users and the pilots and determined that they had to request the increase. He informed the Board that in 2006, three pilots lost their lives and just this month a boat captain in Texas lost his life. He stated that in 1991, one of their boats was lost due to weather, however, there was no loss of life.

Captain William Messer was sworn in by Chair Johnson. Captain Messer informed the Board that he had been a pilot for 18 years and was going to talk about what a pilot actually does and specifically in the Port of Palm Beach. He also had a video for the Board to watch. Captain Messer stated that the agent for the vessel calls first and then they decide if they can bring the ship into the port and if tugs will be necessary. He stated that it was the pilots who decide if they can bring in the vessel. Captain Messer described the boarding of the vessels and the discussion with the Captain of the vessel. He stated that the pilot takes over the ship and guides the ship safely into the port.

Captain Messer stated that there were a number of hazards in this port as the Gulf Stream comes right up to the jetties and they have to fight a current the entire time they are bringing a ship in. They also have to be prepared for divers in the channel and fishing boats. Captain Messer stated that they have large swells, especially in the winter. They do not have time to get a feel for the ship, and must be prepared immediately upon boarding a vessel.

Captain Messer stated that they have shoaling problems in this port which affects the draft. He added that the channel is 400 feet wide. They must make a turn

which narrows to 300 feet, which, in most ports, is normally wider. Captain Messer stated that they are right on the docks and have to slow the vessels down and since their tugs are small, they really do not assist in the slowing down of the vessels. He stated that in the slips, the tugs have to fit in between two ships, and they also have strong currents around the docks.

Captain Messer informed the Board that they will bring in naval vessels, at times, even though they are not required to have a state pilot on board. He stated that they work closely with the United States Coast Guard and carry port radios with them in case of terrorist activity.

Captain Messer added that in Palm Beach, you get well-rested, drug-free pilots to bring in a vessel. They are also informed up-to-the minute of the conditions in the area and are up to date on the shoaling.

A video was provided by the Palm Beach Pilots Association for the Boards review and information.

Ms. Nicole Jackson, with Hafer Company, LLC, the port association's certified public accounting firm, was present and sworn in by Chair Johnson.

Ms. Jackson gave a power point presentation.

Mr. Charles Hafer, was sworn in by Chair Johnson.

Mr. Hugins asked about the salaries, wages and costs differences. Mr. Hafer stated that Captain Reid Hansen was the Deputy Pilot and now is a State Pilot.

Mr. Law stated that the figures he gave in his report were projections.

Mr. Reynolds asked if the pilots wore life vests when transferring to and from the pilot boat. Captain Messer responded that if the seas were rough, they wore life vests. He stated that they do have life jackets on the boats and are encouraged to wear them.

Captain Roden stated that they felt the increase is fair and just for the Port of Palm Beach and asked the Board to consider the increase as soon as possible as they have notified their users in time for them to budget this increase.

COMMENTS FROM PALM BEACH PORT DIRECTOR

Chair Johnson stated that the comments were a part of the record.

INVESTIGATIVE COMMITTEE MEETING TRANSCRIPT

This was provided for informational purposes.

REBUTTAL(S)

Chair Johnson asked if anyone was present that would like to speak. There was no one present.

DELIBERATION AND DETERMINATION OF REQUEST FOR INCREASE IN THE RATE OF PILOTAGE – BOARD MEMBER DISCUSSION ONLY

Chair Johnson reviewed duties of the Board in consideration of a rate increase. He stated that all of the requirements had been met.

MOTION: Mr. Reynolds made a motion that based upon all of the factors that are to be considered and were considered he would move that the rate request from the Palm Beach Pilots Association be approved as submitted.

SECOND: Captain Corn seconded the motion and it passed unanimously.

Vice-Chair Hugins stated that he felt that the pilots did an excellent job with their presentation, and they did homework regarding their increase as there was no opposition.

Captain Corn thanked for the Palm Beach Pilots for their time to show the Board what they do, the port tour and the presentations.

Mr. Tellechea informed the Board that he would draft the order approving the rate increase and then there will be a telephone conference call to approve the order.

Chair Johnson thanked Mr. Law for his work on this rate application.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:50 a.m.