

Massachusetts Pilot Rate Board

Meeting Minutes

Held at the Headquarters of the Boston Marine Society

December 20th, 2013 at 10:00 a.m.

At 1000 hours the 2013 meeting of the Pilot Rate Board was called to order by Chairman Capt. Jeff Havlicek.

Board Members present: Captain Jeff Havlicek, Seaport Advisory Council
Jeffrey Stieb, Exec. Dir. Harbor Development Comm., New Bedford
Captain F. Bradley Wellock, Maritime Regulatory Affairs, MASSPORT
Vivien Li, Executive Director, Boston Harbor Association
Richard Meyer, Boston Shipping Association
Captain David Cox, Boston Marine Society
Captain Richard Shannon, District One Pilot Commissioners

Public Attendance: Capt. Paul Costabile, Northeast Marine Pilots, Inc.
Capt. Rick Stover, Boston Pilots Association
Capt. Robert Blair, Dist. 2, Pilot
Capt. Marty McCabe, Boston Pilots Assoc.
Captain Stefan Palmer, Moran Shipping
Bill Eldridge, Peabody & Lane
Michael Myran, Deputy Port Director, Operations, MASSPORT Maritime

After the call to order, attendance was taken and it was established that the requirement for a quorum of a minimum of 4 board members present was met and the meeting would proceed.

- I. Captain Stefan Palmer was recognized by the Chairman and due to his tight business schedule was granted the floor. Captain Palmer gave a review of the commercial maritime market and in particular the cruise ship business. He noted the increases from last year and cautioned against excessive rate increases for 2014. He also advised of his knowledge of other port area increases and in particular that Houston Pilots were increasing their rates 3% for 2014.

- a. Captain Shannon noted that the percentage of cost that the pilotage represents is small in comparison to the full port costs. In some cases such as the Norwegian Dawn passenger ship the pilotage cost represents 8% of the port call costs.
- II. The District One Pilots were granted the floor. Captains Richard Stover and Marty McCabe offered their proposed rate increase for 2014.
 - a. Captain Stover reviewed the present District One Pilot Rates and the calculation method. A spreadsheet of comparative costs, in relation to other northeast ports was presented.
 - b. Historical rate numbers over the past year had yielded an overall average increase to the pilots of 9.1%. As before, this was weighed against the fact that Massachusetts Pilots were lagging behind the region due no rate increases between the years 2000 through 2010.
 - c. There was a short discussion on the number of draft categories for pilot rates and the desire to reduce the number of categories was generally agreed as something to consider in the future.
 - d. For the year 2014 the District One Pilots proposed to increase the gross tonnage charge from .007cents per ton to .014cents per ton. This while keeping the draft component with no increases.
 - e. Michael Myran from MASSPORT spoke of the container industry as relates to Conley Terminal. That freight ships and containers represent 34,000 jobs in the region. Due to the small size of the port and relatively low number of container boxes transshipped, that often the cost per container box handled is skewed unfavorably. He further pointed out the generality that where tankers have to come into Boston, container ships and passenger ships choose, or can entertain other port options over Boston.
- III. There being no other proposals from the floor, the Pilot Rate Board Commissioners deliberated on the District One Pilot Rates going forward for 2014.
 - a. Richard Meyer of the Boston Shipping Association motioned that the rate be increased to 0.0105cents per gross ton. This included an increase in the inner harbor fee for shifting from the Dock to the Inner Anchorage #2 from \$400 to one half pilot rate. It also included an increase in the fee for transiting a ship from sea to the #2 anchorage to one half pilot fee. The motion was seconded by Vivien Li from The Boston Harbor Association.

- b. Discussion followed to include the overall effect of the rate increase to all categories of ships.
 - c. It was taken to a vote and the board individually polled. The motion carried by a unanimous vote.
- IV. Captain Paul Costabile then presented a proposal for the District 3 & 4 rate increases to include the Cape Cod Canal transit. A flat increase in the percentage of the pilot rates was one thought but it was also proposed that the board could choose to add a gross tonnage component similar to that of District One.
 - a. After review of the two different options the motion was made by Dick Meyer to add a gross tonnage component to the District 3 & 4 pilot rates. The gross tonnage component to the harbor pilot rate would be 0.0035cents per gross ton and 0.007 per gross ton for Cape Cod Canal transit. The motion was seconded by Brad Wellock. A vote of the board was taken and the motion carried unanimously.
- V. The Chairman recognized pilot Bob Blair from District 2 Pilots. A short discussion was held on District 2 pilot rate increase for 2014.
 - a. A motion was made by Captain Havlicek to raise the District 2 pilot rates in conjunction with District 1 pilot rates. The motion was seconded by Captain Cox and the following board vote carried unanimously.
- VI. There being no other rate increase business to conduct it was agreed that the board would next meet on 05 September 2014, 10:00am, at the Boston Marine Society as a work group to consider options for 2015 pilot rates.
- VII. Meeting adjourned.

Sincerely,
Massachusetts Pilot Rate Board