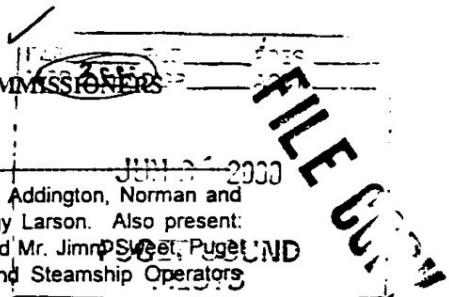


MEETING MINUTES

STATE OF WASHINGTON BOARD OF PILOTAGE COMMISSIONERS

May 11, 2000

Present: Chairman Dudley, Commissioners Davis, Simoneaux, Kromann, Addington, Norman and Palmer, Assistant Attorney General, Heidi Irvin; and Administrator, Peggy Larson. Also present: Captains W.A. Bock, D.J. Kelly, D.W. Mayer, G.N. Larson, M.R. Flavel and Mr. Jim Papp, Puget Sound Pilots; Harry Hutchins, Jim Papp and Erik Nordahl, Puget Sound Steamship Operators Association; and Ron Kinsey and David Webb, US Coast Guard.



PUBLIC HEARING

A public hearing of the Board of Pilotage Commissioners was convened at 9:05 a.m. by the chairperson at 2911 Second Avenue, Seattle, Washington.

WAC 363-116-300: Pilotage Rates for the Puget Sound Pilotage District. RCW 88.16.035(4) requires that the Board of Pilotage Commissioners shall annually fix the pilotage tariffs for pilotage services performed aboard vessels. The rule as proposed by the Puget Sound Pilots reflects a 2.88% decrease in all categories except transportation to be charged for pilotage services in the Puget Sound Pilotage District. In addition, it is proposed that the LOA Schedule be expanded to accommodate larger size vessels. The written presentation dated April 13, 2000, considered by the Board today, is a joint proposal from Puget Sound Pilots, ARCO Marine, Inc. and Puget Sound Steamship Operators Association which reflects a modified request for a 2.85% decrease in all categories except transportation, as well as the proposed LOA Schedule modifications. This joint proposal follows the guidelines of the 5-year tariff agreement established in 1996 between PSP, AMI and PSSOA. The PSP 5-year Capital Spending Plan and 1999 year-end audited Financial Statement, previously submitted to the Board, were also considered in today's tariff determination. Oral comments in support of the joint proposal were presented by Captain Del Kelly - PSP, Jim Papp - PSSOA and Jeff Shaw (via telephone message) - AMI. Written testimony was received by Retired PS Pilot, Captain Louis Sackett, in a letter dated May 1, 2000, concerning the administration of the PSP Retirement Program. The public hearing was closed by Chairman Dudley at 9:15 a.m.. This hearing was recorded by audio tape.

REGULAR MEETING

The regular meeting of the Board of Pilotage Commissioners was convened at 9:15 a.m. immediately following the public hearing.

Consideration of Preceding Hearing: WAC 363-116-300. Chairman Dudley stated that the authority to direct a change in a pension plan as requested by Captain Sackett lies outside the jurisdiction of the Board. Since the PSP's retirement programs are administered through agreements between the PSP and the PSP Retirees, the letter was referred to the Puget Sound Pilots for consideration. Following the Board's review and consideration of all written and oral testimony, it was moved by Commissioner Addington and seconded by Commissioner Norman that the Board adopt the joint proposal for the 2000-2001 Puget Sound Pilotage District tariff as outlined in the letter dated April 13, 2000 from AMI, PSP and PSSOA as follows:

- A 2.85% decrease in all tariff categories, except transportation, effective July 1, 2000 through June 30, 2001. Also, expand the LOA Zone table to include LOA scales and fees for vessels up to and in excess of 1,500 feet, as presented.
- Total projected vessel assignments for 2000 = 8,238 (Maximum Safe Assignment Level = 149)
- Number of tariff-funded pilots, including one non-watch-standing president and compensation for accrued Comp Days = 55
- Target Net Income per pilot = \$182,909
- Individual Business Expense allowance per pilot = \$16,769

The motion carried unanimously. (9:20 a.m.)

Minutes. It was moved by Commissioner Davis and seconded by Commissioner Norman that the April 13, 2000 minutes be approved as written. The motion carried unanimously.

OLD BUSINESS

2000 Legislative Activity Update: "2SSB 6499 - Transportation Funding and Appropriations" was recently passed into law during a second special session of the Legislature. Of the proposed \$50,000 cut in the Board's spending authority, \$13,000 was restored after further discussions with legislative staff and other budget officials. The \$37,000 reduction in spending authority is the same amount that the Board is currently underspent in the first fiscal year of its 1999-01 budget. This appropriation reduction will carry over in the form of a reduced spending level for the next biennium unless the Board justifies additional expenditures that support the current level or higher level

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appropriation request. Commissioner Kromann asked the Board to consider agency request legislation during the 2001 Legislative Session to freeze or reduce the pilot license fees. By lowering the agency's fund balance in this way, this could possibly prevent another attempt by the Legislature to reduce the pilotage budget. However, it could leave the Board short of necessary revenue to expend on unanticipated costs such as investigators, consultants, law suits, etc. (The \$37,000 appropriation reduction only affected the Board's spending authority - not the agency's fund balance. No funds were actually transferred out of the account.) The 2001-2003 Budget submittal is due later this summer and the Board will be reviewing and discussing this budgeting process.

NEW BUSINESS

Pilot's Report of Marine Safety Occurrence: 4-26-00. A report was filed describing the following occurrence: While proceeding in the northbound traffic lane, Buoy SD 2.3 ahead, the vessel's engine went off line. Tug assistance was requested through the "Tug of Convenience" program. Steering was not affected and the vessel remained in the northbound traffic lane. About 30 minutes later engine power and sea speed were restored. No other problems occurred during the remainder of the transit. While in port, the vessel engineers cleaned the lube oil strainer. Air got in the lube oil system and triggered the low lube oil alarm which caused the engine to go off line. This report of a navigational safety concern was ordered filed as a Marine Safety Occurrence.

Consideration of Renewal of Vessel Exemption: AFFINITY. Pursuant to RCW 88.16.070 and WAC 363-116-360 this vessel qualifies for an exemption from pilotage requirements and was issued an annual renewal so long as it is operated exclusively in the waters of the PSPD and lower British Columbia and remains in the charge of Captain Mark Howard provided he submits a copy of his current federal license to the Board.

Consideration of Renewal of Vessel Exemption: ATTESSA. Pursuant to RCW 88.16.070 and WAC 363-116-360 this vessel qualifies for an exemption from pilotage requirements and was issued an annual renewal so long as it is operated exclusively in the waters of the PSPD and lower British Columbia and remains in the charge of Captain Vaughan Hill provided he verifies that his New Zealand license is appropriate for this vessel.

Consideration of Petition for Vessel Exemption: INVADER. A petition for vessel exemption was received regarding the foreign flagged, 163 foot, 608 gross ton, pleasure yacht, INVADER. Captain Wes Armstrong requested an annual exemption from pilotage in the Puget Sound Pilotage District. Pursuant to RCW 88.16.070 and WAC 363-116-360, it was determined that an exemption could not be granted due to the gross tonnage being in excess of the 500 gt limit.

Review of Grays Harbor Pilotage District Trainee Status. Commissioner D'Angelo reported that he had made contact with both candidates awaiting training in the Grays Harbor Pilotage District. Captain W.D. Good responded to the Board in a letter dated May 3, 2000, stating that he does not wish to resume pilot training at this time and wants to defer to the next eligible candidate on the waiting list. Because Captain Steve Cooke has not yet responded to the Board, consideration of this agenda item will be deferred to the next regular meeting.

2000 Annual Tariff Hearings Preparation: GHPD - A 2000-2001 tariff proposal from the GHP has been submitted to the Board in accordance with the timetable established for tariff document submission. The written proposal submitted today contains a request for a 0% tariff adjustment. A public hearing has been filed for June 8, 2000 at 9:00 a.m..

Pilots' Activity Reports: Captain Bill Bock, President, Puget Sound Pilots, reported that vessel traffic is up about 6%; one pilot is out on medical leave; two pilots are training in Port Revel this month; financing is being finalized for the second new pilot boat; PSP continues its participation in the North Puget Sound Long Term Oil Spill Risk Management Panel conducted jointly by the Department of Ecology and the USCG - the next meeting is May 17/18 followed by the last meeting on June 7/8; one pilot boat is up for sale; and open houses are scheduled in early June for the new pilot boat PUGET SOUND. Captain Robert D'Angelo from the Grays Harbor Pilots reported (via telephone message) that the new customer who began calling in April could add approximately 6-8 tankers per year for a 12-18% increase in gross revenue; business will most likely decline in the summer months to about 4-5 vessels per month including the new tanker business; and Captain Steve Cooke was contacted and asked to get in touch with the Board concerning pilot training.

Miscellaneous Correspondence Review. The Board received a letter dated May 8, 2000, from Puget Sound Pilot, Captain J.E. Arnold, describing a recent vessel assignment onboard the US Navy ship INGRAHAM while transiting from the NOAA facilities on the east side of Lake Union out to Shiishole Junction Buoy (Mo "A"). At the Captain's request the conning of the vessel was done by his conning officer but was taken by the pilot on at least two occasions when a loss of steering and a touch of the stern on the bottom occurred. The Board discussed at length the issues relating to pilots' duties when relieved by vessel masters. The concerns raised were not only about US-flagged vessels such as the INGRAHAM, but foreign-flagged cruise ships as well. Legal counsel

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will review the matter for future Board consideration. It was moved by Commissioner Kromann and seconded by Commissioner Palmer that the letter from Captain Arnold be filed as an informational document without further consideration unless the US Navy pursues the matter. The motion carried unanimously. Commissioners Palmer, Kromann and Simoneaux will consider the feasibility of drafting a communication to the Navy and will present it to the full Board for review at the next meeting.

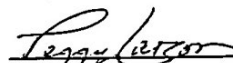
Commissioner Comments. Commissioner Norman shared two recent e-mails he received concerning: (1) the Oregon Board of Maritime Pilot's task of defining their state pilotage grounds which may include jurisdictional issues regarding Washington waters, and (2) a new proposed regulation in Alaska which would require state pilots to report waste dumping in "doughnut holes" by cruise ships.

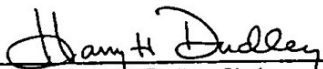
Confirmation of Next Regular Meeting Date. The next regular meeting will be held June 8, 2000, following the 9:00 a.m. Grays Harbor Pilotage District tariff hearing, at 2911 2nd Avenue, Seattle.

Review of Pilot Physical Examination Reports. The annual physical examination reports for Captains F.A. Coe, R.L. D'Angelo, P.M. Hannigan, B.S. Knowles, G.N. Larson and M.J. Shuler were reviewed and accepted for license renewal. (Captain R.L. D'Angelo's report was not accompanied by a cover letter from the physician but was accepted pending receipt of the letter.)

The chairperson adjourned the regular session Board meeting at 11:20 a.m..

Respectfully submitted,


Peggy Larson
Administrator


Harry M. Dudley, Chairman


Charles M. Davis, Vice Chairman


Commissioner Robert N. Kromann

absent

Commissioner John Karakoulakis

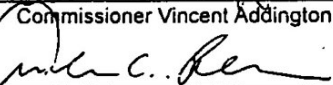

Commissioner Stanley J. Norman

Commissioner Lawrence F. Simoneaux

absent

Commissioner Robert L. D'Angelo


Commissioner Vincent Addington


Commissioner Andrew C. Palmer