

# **REVIEW AND ANALYSIS OF HARBOR PILOT NET INCOMES**

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*Prepared exclusively for:*

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Pilot net income is derived from the following:

- Total pilot organization revenues, less...
- Operating, capital, and administrative expenses, divided by...
- Number of pilots, adjusted for...
- Any benefits or employer-paid taxes or benefits that are not paid by the pilot organization and must/may be paid by the pilot as an independent contractor

### Pilot Association Revenue

Pilotage revenue is based upon applying the pilot organization's tariff to the appropriate vessel traffic. Vessel traffic in most pilotage areas includes foreign trading ship activity and domestic coastal movements. In both international and domestic coastwise trade, traffic may include cargo ships, service vessels, cruise and passenger ships and ferries, some military ship traffic, and offshore energy service and other ship traffic.

DMA analysis makes use of various sources of vessel traffic data, each with varying types of information (numbers of ship calls, gross tonnage, deadweight, draft), covering varying types of vessels (cargo carrying only, international trading vessels, domestic trading vessels, some excluding certain types of vessels). US Customs, the US Army Corps of Engineers and US Maritime Administration data (based upon private sector capture of vessel movements from agents and position indicating technology).

Pilot organization revenue is generated by the number of ship calls by type of ship multiplied by the pilot organization revenue that is estimated for that type of ship, based on type, size, and pilotage route. For each vessel type (e.g. crude oil tankers, products/chemical tankers, dry bulk carriers, container ships, multipurpose/general cargo ships, passenger cruise ships, tug and barges, offshore support vessels, etc.). Average measurements (such as length, beam, depth, draft, gross tonnage) can be applied to the particulars of the pilot organization tariff to derive pilot organization revenue.

Tariff rates and fees typically address such parameters as the distance traveled and/or zones traveled, time of travel, charges per foot of draft, gross tonnage, units of size, whether the ship is powered or un-powered and many other factors. Charges may be levied to cover pilot transportation costs, delays, detention, cancellation of jobs, movements at night, shifting within the port, movements without power, turning in basins, anchoring, entering or leaving dry docks, etc. Surcharges such as those for communications or payments for capital expenditures are also considered. In some cases, particularly in ports where typical invoices for certain vessels were supplied, actual revenues can be compared with the calculations to confirm the estimates and methodologies.