

Great Lakes Pilotage Advisory Committee, 26 September 2017.

Recommendation 1: Subcommittee report out about Change Points by Danny Gallagher. There was no second. The subcommittee unanimously recommended that the following change points remain the same with a few exceptions: Eliminating Gros Cap and replace it with Buoy 33 and add Iroquois Lock as a change point.

Recommendation by John Baker, Jr, Capt John Boyce Second.
Unanimous Recommendation.

Recommendation 2: To submit a letter to ask the US Coast Guard to urge the US Army Corps of Engineers to review and revise 33 CFR 207.440 (v) pursuant to Executive Order 13777 to allow MacArthur lock to take on full sized ships.

Recommendation by John Baker, Jr, Capt John Boyce Second.
Unanimous Recommendation.

Recommendation 3: To submit a letter to ask the Corps of Engineers to urge the US Army Corps of Engineers to review and revise 33 CFR 207.440 (v) pursuant to Executive Order 13777 to allow MacArthur lock to take on full sized ships.

Recommendation by John Baker, Jr, Capt John Boyce Second.
Unanimous Recommendation

Recommendation 4: Captain John Swartout, Second Captain Dan Gallagher (Note, this is referred to resolution 4 in the transcript but in reality it was only the third one discussed)

Great Lakes Pilotage Advisory Committee Resolution #_____

Urging the Coast Guard NOT to use the June 28, 2017 Martin Associates Study in the formulation of any future U.S. Great Lakes pilotage rates

Knowing that the Great Lakes Pilotage Advisory Committee is charged with providing advice and recommendations to the U.S. Coast Guard, on matters relating to Great Lakes pilotage.

Recognizing that the mandate of the U.S. Coast Guard as a competent pilotage authority for the Great Lakes is to oversee a safe, efficient and effective pilotage service to protect the environment, shipping, port facilities and the public from maritime accidents, not to promote the shipping industry.

Recalling that during 2004-2014 the U.S. Great Lakes pilotage system has been underfunded by more than \$20 million dollars, which led to an insufficient number of

pilots and inadequate supporting infrastructure, which in turn resulted in increased risk of pilot fatigue and delays to shipping.

Noting that following complaints from ship owners over shipping delays and recommendations from the National Transportation Safety Board concerning the risks of mariner / pilot fatigue, the U.S. Coast Guard established pilotage rates for the Great Lakes to correct long standing persistent and serious problems with Great Lakes pilotage. The established rates were based on a reasonable target compensation for U.S. pilots comparable to Canadian pilots doing similar work, and increasing the complement of U.S. pilots to avoid shipping delays and risks of fatigue related accidents.

Following complaints from ship owner and port interests over pilotage rates, the U.S. Coast Guard U.S. Coast Guard opted to have its Office of Standards Evaluation and Development (CG-REG) – not the Great Lakes Pilotage Division (CG-WWM-2) – contract John C. Martin Associates, LLC (Martin) to conduct a study of potential impacts of pilotage rates on Great Lakes shipping.

Considering that in purporting to forecast negative economic impacts for the Great Lakes in 2017 and beyond due to U.S. pilotage rates, Martin ignored *actual data* for Great Lakes shipping and pilotage demand in 2016 and 2017, which shows clearly that cargo movement is up significantly;

Understanding that the study is of questionable validity due to past financial relationships between Martin and shipping interests, a notable lack of transparency underlying its methodology and conclusions, and unrealistic assumptions.

Whereas, the 2017 Martin study reached the same conclusion as its prior study in 2004 that there would have to be a more than a doubling of pilotage rates to have any impact on the routing of shipping on the Great Lakes, but the negative wording of the report and its confusing conclusions are easily susceptible to misinterpretation.

Therefore the Great Lakes Pilotage Advisory Committee recommends that the U.S. Coast Guard, through its Great Lakes Pilotage Division (CG-WWM-2):

Not consider or take into account the 2017 Martin Study in the formulation of any future U.S. Great Lakes pilotage rates.

Unanimous Recommendation

Recommendation 5: Captain John Boyce

For the purpose of smoothing and producing adequate rates. The advisory committee recommends divorcing the bridge hours used for staffing and hourly rate calculations. It further recommends exploring the use of a floor for hourly rate calculations.

Amended motion by Captain Boyce and second by Captain Dan Gallagher

Unanimous Recommendation

Recommendation 6: Captain John Boyce – Weighting Factors

For the US CG to remove weighting factors completely or remove step 8 and in step 9 of the rate methodology use a factor 1.15. Second by Captain John Swartout

Unanimous Recommendation

Recommendation 7: Captain Dan Gallagher

The Pilotage Office (WWM-2) conduct the audits of the associations for rate making purposes. Second by Captain John Boyce

Unanimous Recommendation

Recommendation 8: Captain John Boyce

Coast Guard will continue the Working Capital Fund. Second by Captain John Swartout

Unanimous Recommendation