



STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
CONNECTICUT PILOT COMMISSION



CONNECTICUT PILOT COMMISSION
ANNUAL REPORT
JULY 1, 2008 – JUNE 30, 2009

Pursuant to Conn. Gen. Stat. ch. 263, sec. 15-13c, the Connecticut Pilot Commission (CPC) advises the Commissioner of Transportation (CTDOT) on issues related to the licensure of marine pilots, the safe conduct of vessels, pilotage rates and the protection of the ports and waters of Connecticut. The nine Commission members, including appointees of the Governor and various legislative leaders, a designee of the Commissioner of Transportation and a pilot representative, represent a broad spectrum of business, maritime, and environmental interests. The Commission currently includes members with expertise in admiralty and environmental law, shipping, stevedoring and port operations as well as experience as Merchant Marine, Navy, and Coast Guard officers. Further information regarding the Commission, including monthly minutes, is available at www.ct.gov/dot/cwp/view.asp?a=2314&q=307026. This is a report of the Commission's activities for the period July 1, 2008 through June 30, 2009.

Background

Long Island Sound ports (consisting of Connecticut's three deepwater ports and petroleum terminals on Long Island's north shore) are vital to the regional economy. These ports provide millions of people with access to global commerce and offer the potential to reduce congestion along the northeast corridor. In addition to petroleum products, Connecticut ports handle lumber, rolled steel, scrap metal, coal, salt and chemical cargoes shipped to and from every part of the world. Cruise ships have called on New London.

As is common throughout the maritime world, merchant ships arriving at Long Island Sound ports are required by law to take aboard a local pilot, who has up-to-date knowledge about hazards to navigation, tides and current, communications and vessel traffic. Conn. Gen. Stat. ch. 263, sec. 15-15. As advisors to the ship's Master, pilots direct the vessel's movement in restricted waters, including docking and undocking. Pursuant to the Federal Boundary Waters Act, 46 U.S.C. sec. 8501(b) and Conn. Gen. Stat. ch. 263, sec. 15-15d, Connecticut and New York share authority to regulate pilotage on Long Island Sound. The Boundary Waters Act entitles New York-licensed pilots to pilot ships to all Connecticut ports and Connecticut-licensed pilots to pilot ships on the New York waters of Long Island Sound. The two states are party to a 1999 Memorandum of Agreement (MOA), implemented by regulation, under which Connecticut-licensed pilots and New York-licensed pilots participate in a joint rotation to provide pilotage service for all ports on the Long Island Sound. Conn. Agencies Regs. Sec. 15-15a-17. The rotation is administered by a Joint Administrator, designated by the mutual agreement of Connecticut and New York. The Joint Administrator establishes work rules, dispatches pilots to assignments, collects pilotage fees, pays expenses and distributes earnings. During calendar year 2008, the Joint Rotation Administrator dispatched pilots to 703 assignments (down from 907 in 2007, 1031 in 2006 and 943 in 2005), generating \$ 1,656,439 in pilotage fees.

Under the MOA, CTDOT retains authority to regulate the licensing, conduct, and duties of Connecticut-licensed pilots as necessary to ensure public safety and protection of the environment. Conn. Gen. Stat. ch. 263, sec. 15-15a. The CPC and CTDOT work closely with the Board of Commissioners of Pilots of the State of New York (NY Board) to coordinate the regulation of pilotage on Long Island Sound. The CPC and CTDOT also maintain an active working relationship with the U.S. Coast Guard, which regulates many aspects of merchant vessel operations.

Connecticut Pilot Commission Annual Report 2008-2009

Certain U.S. flag vessels in domestic trades (enrolled vessels) and naval or government-operated vessels (public vessels) are exempt from compulsory state pilotage. Pilotage of these vessels is regulated by the Coast Guard, which issues federal pilotage endorsements. Connecticut-licensed pilots may pilot enrolled or public vessels on the authority of their federal pilotage endorsements outside the joint rotation.

The Commission Members

Chairman: Peter J. Boynton. Appointed by the Governor for a term ending June 30, 2012 to represent maritime related industry interests.

Vice-Chairman: Captain Richard E. Barry, Jr. Appointed by the Senate Minority Leader for a term ending June 30, 2010 as a retired ship's Master. Elected Vice-Chair by a vote of the Commission on October 11, 2007.

Member: Alan Blume. Appointed by the Speaker of the House for a term ending June 30, 2012 to represent non-recreational maritime industry interests.

Member: William C. Gash, Jr. Appointed by the Senate President Pro Tempore for a term ending June 30, 2012 to represent public environmental interests.

Member: Ralph Gogliettino. Appointed by the Senate Majority Leader for a term that ended June 30, 2013 to represent public environmental interests.

Member: John C. Love, Esq. Appointed by the House Minority Leader for a term ending June 30, 2011 as a member with expertise in admiralty law.

Member: David E. Pohorylo. Appointed by the House Majority Leader for a term ending June 30, 2011 to represent non-recreational maritime industry interests.

Member: Captain Vincent Cashin. Active pilot elected by a majority of Connecticut-only licensed pilots for an indefinite term.

Member: CAPT Charles C. Beck, USCG. (Ret.). Transportation Maritime Manager selected by the Commissioner of Transportation as his designee for an indefinite term.

Current Issues

Pilotage Rates

Pursuant to Conn. Gen. Stat. sec. 15-14, CTDOT Commissioner is obligated to set pilotage rates. The Commission is charged with advising CTDOT on "the establishment of fair and reasonable rates of pilotage . . . including establishment of a hearing process for the setting of fair and reasonable rates of pilotage." Conn. Gen. Stat. Sec. 15-13c.

The CPC engaged in a comprehensive analysis of pilotage rates for several years. The CPC solicited comments from all stakeholders and also reviewed revenues generated by the current rate structure, costs incurred by pilots to provide services, pilotage fees in ports which compete with Connecticut, and income earned by pilots in comparable ports. In conducting its analysis, the CPC sought to balance a desire to keep Connecticut ports competitive with the notion that the rate structure should fairly compensate pilots, justify the substantial capital investment required to acquire and maintain pilot boats, and provide for the costs of training, certification and safety equipment.

Connecticut Pilot Commission Annual Report 2008-2009

On November 1, 2007, after a public comment period and in coordination with the NY Board, CTDOT implemented the first of three 6% pilotage rate increases that had been recommended by the CPC. As implemented, the new regulation provided for additional 6% rate increases on July 20, 2008 and July 20, 2009. The CPC believes that the rate structure must provide in some manner for the funding of pilot training, certification and safety expenses and has continued to explore means to accomplish this end.

Fuel Surcharges

Beginning in February, 2006 CTDOT and the NY Board jointly imposed a temporary fuel surcharge based on a November 28, 2005 recommendation of the CPC. The intent of the fuel surcharge is to compensate pilot boat operators for substantial increases in the cost of diesel fuel, a major factor in the cost of operating pilot boats. Since its imposition, the fuel surcharge has been periodically reviewed and adjusted by CTDOT and the NY Board on the recommendation of the CPC. The CPC recommended continuation of the fuel surcharge on July 13, 2006, January 9, 2007, June 15, 2007, November 27, 2007, May 21, 2008, December 12, 2008 and May 19, 2009. As approved by CTDOT and the NY Board, the fuel surcharge is currently set at \$150 per boarding and disembarkation and will expire unless further extended on January 31, 2010.

The CPC is considering proposals to incorporate a fuel surcharge index into the pilotage rate structure to avoid the necessity of continual review of fuel costs by the Commission and CTDOT. Under the concept currently being discussed, a fuel surcharge would periodically be adjusted upward or downward by the Joint Administrator based on a publicly-available fuel cost index. The CPC intends to continue these efforts with the goal of making a recommendation to CTDOT during the coming year.

Joint Rotation Operation

Pursuant to the MOA and implementing regulation, participation in the joint rotation is mandatory for both Connecticut-licensed pilots and New York-licensed pilots. The Joint Administrator dispatches pilots, collects fees, pays expenses (including pilot boat costs) and distributes revenues among the pilots. Unlike most other jurisdictions, pilots participating in the joint rotation are not compelled to belong to a single business entity. Currently, there are five separate pilot organizations (Northeast Marine Pilots, Sandy Hook Pilots of New York and New Jersey, Interport, Long Island Sound State Pilots, Connecticut State Marine Pilots) and a couple of non-affiliated individual pilots operating within the joint rotation. In November 2008, the CPC was notified that the Connecticut licensed pilots working on the Connecticut side of the joint rotation had agreed in principle to work together as the Connecticut Marine Pilots, a registered d/b/a under Interport Pilots, Inc. Three organizations currently provide pilot boat services; Interport, Long Island Sound State Pilots and Northeast Marine Pilots.

As of January 2009, Connecticut licensed 12 marine pilots, 5 of which work on the New York side of the rotation. Of those 5, all are also concurrently licensed by the New York. As a condition of maintaining their Connecticut licenses, all of these pilots must also possess federal licenses endorsed for first-class pilotage. The 7 pilots licensed by Connecticut who participate on the Connecticut side of the joint rotation are allocated 70% of vessel movements subject to the joint rotation pursuant to the terms of the MOA. Pilots licensed by New York (including the 5 pilots who are licensed by both Connecticut and New York) participate on the New York side of the joint rotation and are allocated 30% of vessel movements. During 2008, a total of 13 pilots participated on the New York side of the rotation. The 7 pilots participating on the Connecticut side of the joint rotation covered 491 of the 703 assignments made by the Joint Administrator during that year (70 %). The most assignments handled by a pilot participating on the Connecticut side of the rotation totaled 92; the least was 20.

Connecticut Pilot Commission Annual Report 2008-2009

The joint rotation is administered by Sound Pilots, Inc. (d/b/a Block Island Pilots), selected by agreement of CTDOT and the NYBCP. The operation of the joint rotation is overseen by a Rotation System Executive Board, consisting of three pilots from the Connecticut side and three pilots from the New York side of the rotation. The implementing regulations require an annual evaluation of the Joint Administrator's performance. The CPC began an evaluation during 2005, but has not yet made a recommendation to CTDOT regarding the Joint Administrator.

Boarding Stations

The CPC's mandate specifically includes the provision of advice regarding the designation of pilot boarding and disembarkation stations. Conn. Gen. Stat. ch. 263, sec. 15-13c(e)(9). During 2004, the CPC issued a comprehensive report recommending that CTDOT designate mandatory pilot stations at Point Judith, Rhode Island and Montauk Point, New York under authority of existing regulations. After reviewing industry comments and consulting with the NY Board and U.S. Coast Guard, the CTDOT issued instructions to Connecticut-licensed pilots dated March 1, 2005 requiring use of the Point Judith and Montauk Point pilot stations. CTDOT's instructions are consistent with the NY Board's requirements for New York-licensed pilots.

CTDOT previously initiated administrative proceedings against several Connecticut-licensed pilots for a failure to use the pilot stations on multiple occasions. One proceeding culminated in a Hearing Officer's determination upholding CTDOT's designation of pilot stations in international waters. The remaining complaints were investigated and confirmed by CTDOT, resulting in the dismissal or consensual resolution of charges against the pilots.

On May 30, 2007, in response to industry and pilot concerns, the CPC made a recommendation to CTDOT to designate a heavy weather pilot station inside Block Island Sound for use by vessels transiting Montauk Channel. The CPC recommended that use of the heavy weather pilot station only be authorized when (1) weather or sea conditions at Montauk Point preclude safe boarding or disembarkation, (2) in the judgment of the pilot, the vessel is capable of safely transiting Montauk Channel without a pilot aboard, and (3) the vessel is in compliance with U.S. Coast Guard requirements regarding navigational equipment. The CPC's recommendation also called for a requirement that pilots provide a justification to CTDOT each time the heavy weather pilot station is used.

On May 7 and June 16, 2008 CTDOT received negative comments from the Rhode Island State Pilotage Commission and the NY Board respectively regarding the establishment of a heavy weather pilot station. The Rhode Island Commission also urged that the use of Montauk Channel be discontinued. Other than acknowledging receipt of the May 30, 2007 letter, as of June 30, 2009 CTDOT has not responded to the CPC's recommendation

Apprenticeship and Training

The CPC is obligated to establish (subject to CTDOT approval) requirements for pilot licensure and apprenticeship programs as well as the appropriate number of pilots necessary for the "safe, efficient and proper operation of the pilotage system." Conn. Gen. Stat. ch. 263, sec. 15-13c (e). For a number of years, CTDOT has not solicited applications for new licenses consistent with recommendations of the CPC. The CPC has received several unsolicited requests for the licensure of new pilots to participate on the Connecticut side of the rotation. However, the current number of pilots is capable of efficiently handling the volume of work. Thus, there is been no immediate reason such as an increase in vessel traffic to justify the licensure of new pilots.

The CPC is aware that the average age of the six full branch Connecticut licensed pilots on the Connecticut side of the rotation is 64; the youngest pilot is 59. Accordingly, the CPC drafted an Apprentice Selection and Training Program document and forwarded it to CTDOT for approval and implementation as a regulatory change.

Connecticut Pilot Commission Annual Report 2008-2009

Objectives and Goals

The CPC has charted a strategy for the coming year in the form of a 2-page statement of 'missions, objectives and goals' adopted by unanimous vote at the June 16, 2009 meeting. The CPC feels that charting and carrying out a strategy is essential for two important reasons. First, Connecticut's three deepwater ports represent a potential economic engine for the State, and professional, state licensed pilots are a critical element for maintaining the competitiveness of Connecticut's ports with other ports in the region. Second, professional, state licensed pilots are critical for maintaining navigation safety and protection of the marine environment on Long Island Sound. The CPC's objectives fall into four main categories:

- 1) Enhance and maintain marine safety & environmental protection
- 2) Maintain competitive pilot rates that permit Connecticut ports to compete for commerce while also recruiting and retaining qualified mariners as pilots
- 3) Optimize the organization of Connecticut pilotage
- 4) Establish standard operating procedures

The following goals requiring priority action include:

- 1) Establishing an apprentice selection and training program for apprentice pilots as submitted by the CPC to CTDOT in October, 2008.
- 2) Amending the state statute that created the CPC to include administrative support from the CTDOT for the CPC similar to that provided for the CT Maritime Commission.

Other Items

The CPC notes that with the departure of the Turbana Corporation from Bridgeport in April 2008, there have been virtually no deep draft commercial calls at the Coastline Terminal in Bridgeport. Hoegh Liners made one call to load used cars but never returned. The CPC also notes that part of the Coastline Terminal property has been sold with the remainder being offered for sale.

The CPC notes that the success of the Connecticut Cruise Ship Task Force in promoting New London as a port-of-call for passenger ships in 2008 was not duplicated in 2009. Market conditions, fuel prices and pending Federal legislation that would have restricted cruise ship operations combined to cause the cruise ship industry to contract the New England route.

Peter J. Boynton
Chairman, Connecticut Pilot Commission