



STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
CONNECTICUT PILOT COMMISSION



CONNECTICUT PILOT COMMISSION
ANNUAL REPORT
JULY 1, 2009 – JUNE 30, 2010

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, 2009 through June 30, 2010.

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. International 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 2009, the Joint Rotation Administrator dispatched pilots to 712 assignments (up from 703 in 2008). The pilotage fees generated totaled \$2,037,819.06 of which \$85,588.36 went to the Connecticut General Fund..

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

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vessel operations.

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 last of a three phase pilotage rate increase took effect on July 20, 2009. The CPC had 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

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acquire and maintain pilot boats, and provide for the costs of training, certification and safety equipment.

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.

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, May 19, 2009 and November 24, 2009. As approved by CTDOT and the NY Board, the fuel surcharge was last set on February 1, 2010 at \$175 per boarding and disembarkation and will expire unless further extended on July 31, 2010.

The CPC considered 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 discussed, a fuel surcharge would periodically be adjusted upward or downward by the Joint Administrator based on a publicly-available fuel cost index. The need to establish a new baseline charge for the operation of the pilot boats upon which a surcharge would be applied was identified. The pilot boat owners/operators resisted in providing pilot boat operating costs. Thus, the attempt to develop a fuel surcharge index lost momentum.

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. There had been 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. The coordination and cooperation among the Connecticut licensed pilots working on the Connecticut side of the joint rotation continued during the period of this report. Three organizations currently provide pilot boat services; Interport, Long Island Sound State Pilots and Northeast Marine Pilots.

As of January 2010, Connecticut licensed 10 marine pilots, 3 of which work on the New York side of the rotation. Of those 3, 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 3 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 2009, a total of 10 pilots

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participated on the New York side of the rotation. The 6 pilots participating on the Connecticut side of the joint rotation covered 500 of the 712 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 91 (tied by 2); the least was 75. Over 90% of the vessel traffic in Long Island Sound was into and out of a Connecticut port.

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. There have been no reported violations of the pilot boarding stations during the period of this report.

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 had not solicited applications for new licenses consistent with recommendations of the CPC. Aware that the average age of the six full branch Connecticut licensed pilots on the Connecticut side of the rotation is 65 with the youngest pilot at 60, the CPC drafted an Apprentice Selection and Training Program document and forwarded it to CTDOT for approval and implementation as a regulatory change. After a prolonged legal review within the CTDOT, the draft Apprentice Selection and Training regulation was forwarded to the Connecticut Office of Policy and Management (OPM) for review. Upon clearing OPM, the draft regulation was forwarded to the Governor's office.

The CPC received a request for an immediate license to be issued for a Connecticut licensed pilot to work on the Connecticut side of the rotation. The justification centered on the safety of navigation and personnel. The request advised that two of the pilots planned on reducing their workload to a half share. The CPC forwarded a recommendation to the CTDOT that a solicitation be made for anyone interested in receiving a CT marine pilot license. Additionally, it was recommended the protocol for the draft Apprentice Selection and Training regulation be used to evaluate and select a person for a new license. There were 18 applications received. The 18 applications were evaluated based on the pre-established scoring criteria. The top 5 candidates

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were interviewed and rated by a panel selected by the CPC. The process resulted in the CTDOT issuing a new CT marine pilot license to Michael A. Peszke.

Objectives and Goals

In early 2009, the CPC charted a strategy 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's objectives fell 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

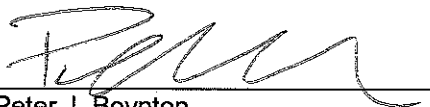
The following goals requiring priority action include:

- 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.

As reported above, the draft Apprentice Selection and Training Regulation is being reviewed by the Governor's office. During the 2010 session of the Connecticut Legislature, CGS Section 15-13 was amended to require the CTDOT to provide administrative support to the CPC.

Other Items

There has been an increase in vessel activity in Port Jefferson, NY. The new activity created a recency problem for most pilots. The CPC, CTDOT and the NY Board evaluated and implemented a course of action that would facilitate the safe transit of the vessels through the Port Jefferson approach and harbor.



Peter J. Boynton
Chairman, Connecticut Pilot Commission