October 15, 2018

Ms. Krista Woodard, Executive Director
Board Pilotage Rate Review Committee
Florida Department of Business and Professional Regulation
2601 Blair Stone Road
Tallahassee, Florida 32399

RE: Applications for Change of Rates of Pilotage at Port of Everglades by:
1. Florida – Caribbean Cruise Association
2. Port Everglades Pilots Association

Dear Ms. Woodard:

We have completed our review and investigation of the above referenced applications and hereby present our Findings to the Pilotage Rate Review Committee, as required by *Florida Administrative Code Rule 61G14-22.007.*

Cdr. Galen Dunton, U.S.C.G. Retired, Contract Consultant
Department of Business and Professional Regulation

Richard H. Law, CPA, Contract Consultant
Department of Business and Professional Regulation

REPORT OF THE INVESTIGATIVE COMMITTEE
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The following report and attached materials were considered by the investigative committee and are forwarded to the Pilotage Rate Review Committee for its action. This report will follow the following format:

EXECUTIVE SUMMARY

ANALYSIS OF DATA FOR REQUESTS FOR CHANGE OF RATES

EXHIBITS

Exhibit 1 – Agreed-upon Rates
Miami Rates (Final Order)

Exhibit 2 – FCCA Response

Exhibit 3 – Crowley / King Ocean Response

Exhibit 4 – Pilot Compensation Data

Exhibit 5 – Port Data

Exhibit 6 – Consumer Price Index

Exhibit 7 – Current, Agreed-Upon, and Optional Rate Structures

Exhibit 8 – All Rate Structures with Percentage Variances to Existing Rates

Exhibit 9 – FCCA Application

Exhibit 10 – Pilots' Application

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EXECUTIVE SUMMARY

General Comments

This investigative report addresses two applications to change the rates of pilotage at Port Everglades. One application, dated July 25, 2014, was made by Florida – Caribbean Cruise Association (FCCA), a 15 member cruise line, trade association. That application requests a 25% decrease in the draft and tonnage rates and all pilotage charges for which draft and tonnage apply, for passenger vessels only. All other authorized charges in the port would remain the same and there would be no change in draft and tonnage charges for cargo and other non-passenger vessels.

The Port Everglades Pilots Association (PEP) also submitted an application dated November 21, 2014, which requests a comprehensive adjustment in rates which would increase pilotage rates on small vessels and decrease pilotage rates on larger, frequent caller vessels, resulting in an overall estimated increase of total pilotage revenue of 11%.

Suspension of the Two Applications

In 2015, our investigation of these two applications was suspended by the Pilotage Rate Review Committee (PRRC) until the Miami rate case was completed. In the Miami case, FCCA and the Miami pilots, in an effort to avoid litigation on a previous PRRC rate finding, agreed to a completely different rate structure which the PRRC approved in 2018. FCCA and PEP have subsequently agreed to a similar rate structure for consideration by PRRC.

Since the PRRC suspended the Port Everglades investigative process in 2015, the Chair of the PRRC agreed that the two applicants would not need to amend their respective applications. The Investigative Committee was instructed to investigate the agreed upon rate request given whatever current information is provided by the applicants, interested parties and other available sources. Since the original application by the pilots required two years of audited financial statements (2012 and 2013) and compiled, projected financial statements for the subsequent two years (2014 and 2015), in an effort minimize the costs to the pilots, we requested and the pilots provided compiled financial statements for 2017 and upon further request PEP provided projected financial information for 2018 and 2019.

The agreed upon rate structure is significantly different than the rates requested in the two original applications. However, the PRRC is not compelled to accept the agreed upon rate structure and may choose to set rates that align with the original applications or other rate structures. Therefore, this investigative report will present analyses of the agreed upon rate structure (Part A) and the rates requested in the original applications (Part B).

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PART A

The agreed upon, requested rate structure for Port Everglades is presented below:

1. The base formula for calculating pilotage rates shall be modified
   From: ((Draft Rate*Draft) + (GT Rate*GT))

   To: ((LOA Rate*LOA) + (Beam Rate*Beam) + (Draft Rate*Draft) + (GT Rate*GT))

2. The initial base rate in dollars per foot shall be:

	Vessels less than 10,000 GT	Vessels of 10,000 GT or greater
LOA Rate:	0.75000	1.00000
Beam Rate:	3.75000	5.00000
Draft Rate:	22.50000	30.00000
GT Rate:	0.01050	0.01400

   Minimum Pilotage: The following minimum charges will apply:
   LOA: 100 feet Beam: 30 feet
   Draft: 18 feet GT: 5,000 GT

3. Additional Fees shall be:

   Detention of Pilot – 25% of pilotage fee per hour after the first one half hour. In no case may a delay in departure caused by a medical emergency or force majeure be considered a detention.
   Cancellation of Pilot – 25% of pilotage fee
   Late Payment Charge: 1.5% per month after 30 days from the date of invoice submission

4. The draft rate for vessels with a draft of 31 feet 0 inches or greater shall increase by 6.0% each year for 10 consecutive years starting on the anniversary date one year following the effective date of this rate.

   All other rates shall increase by 2.5% for the first 5 years followed by 2.0% for the next 5 years starting on the anniversary date one year following the effective date of this rate.

Comparison to the current Miami Rate

The Miami pilotage rates are almost identical to the above rates, with the following exceptions:

1. The tonnage (GT) rates are $0.01125 for less than 10,000 GT and $0.01500 for 10,000 GT and greater.
2. Miami has no minimum for length (LOA) or beam; whereas, PEP has 100 feet and 30 feet, respectively.
3. PEP has no harbor control fee, whereas Miami has $ 100 per transit.
4. Miami has a potential double pilot charge for Neo-Panamax vessels, whereas PEP has none.
5. The escalation provisions for rates other than draft increase at 2.0% for Miami versus 2.5% for PEP.

PEP was very cooperative in assisting the Investigative Committee in estimating the change in revenue using the agreed-upon rate structure. We asked them to prepare an excel schedule of the actual vessels that called on the port in 2017 along with their individual physical characteristics (length, beam, draft and tonnage) and then, recalculate the 2017 pilotage revenue using the current rates, in order to reconcile the schedule to the actual revenue reported to the department and presented on their financial statements. Next, they applied the agreed-upon rate structure to calculate the projected revenue, using the same, 2017 vessel data. The results are presented below:

	2017 Actual	Projected with agreed-up rates	Increase	% Increase
Total Revenue	$ 11,826,957	$ 15,904,097	$ 4,077,140	134.5%
Number of Handles	8,016	8,016		
Average Revenue Per Handle	$1,475	$1,984	509	134.5%

The proposed rate structure provides a significant shift from the larger vessels to the smaller vessels. The owners representing the larger vessels and in particular the cruise companies have asserted at rate hearings in the past 20 years that larger vessels were subsidizing the pilotage fees for smaller vessels. The current minimum pilotage fee is $ 275. There were 12 vessels, 2000 GRT or less, representing 578 handles in 2017, that paid the minimum fee. The proposed minimum fee would increase by 134.5% to $645. Our analysis of existing and proposed revenue is presented in layers, by ranges of tonnage of the vessels. These analyses are presented on Exhibits (x-y). Some observations on these exhibits are presented below:

1. Vessels between 100 and 2,000 GRT would have the greatest impact, with a 182% increase in pilotage fees. The 2,000 to 5,000 GRT layer, representing 1742 (22%) of handles would have a $959,872 (158 %) increase, with total pilotage revenue increasing from $607,570 to $1,567,442.
2. Vessels between 5,000 and 20,000 GRT, representing 2582 (32%) of total handles would have a $1,898,000 (111%) increase in pilotage fees, from $1,713,000 to $3,611,000.
3. Vessels from 20,000 to 50,000 GRT, representing 1746 (22%) of handles would increase $1,713,000 (66 %) from $2,610,000 to $ 4,323,000.
4. Vessels from 50,000 to 70,000 GRT only represent 250 (3%) of handles would increase $147,000 (22.5%) from $653,000, to $801,000.
5. Vessels from 70,000 to 90,000 GRT representing 302 (3.8%) of handles would increase $109,000 (11%) from $988,000 to $1,097,000.
6. The reduction in pilotage fees to the very large cruise vessels, 90,000 GRT and above, would be $765,000(-15.6%), from $4,888,000 to $4,123,000. For two, 225,000+ GRT cruise vessels, the current pilotage fee of $ 8,130 would be reduced to $6,020 or by 26%. This reduction is what FCCA was requesting in its original application, except the agreed-upon rates give that rate discount to only those two vessels, rather that all passenger vessels.

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Optional Rate Structures

Responding to feedback from Crowley and King Ocean, we prepared five optional rate structures which would reduce the impact of a rate increase on the cargo vessels. These rate structures are presented in exhibits 7 and 8, which are presented at a detailed level by ship and a summary level by tonnage layers, respectively.

The exhibits presents the following:

1. Average handle fee for the vessels in each layer;
2. Total pilotage fees for all vessels in each layer;
3. Total revenue for all vessels;
4. Comparison of the average handle fees to the existing rate structure and the agreed-upon rate structure; and
5. Percentage change in total revenue for each layer.

A brief summary of these optional rate structures is presented below, but we recommend the exhibits be reviewed in total.

			Optional Rate Structures				
	Current Rates	Agreed Upon Rates	1	2	3	4	5
Total Revenue (Millions)	$11.6	$15.9	$15.0	$14.6	$14.1	$13.4	$12.5
% Increase by Layer							
2,000 – 5,000 GRT	-	158%	137%	137%	118%	103%	96%
20 – 30k GRT	-	122%	108%	98%	93%	86%	73%
50 – 60k GRT	-	28%	21%	16%	14%	9%	1%
90k + GRT <Decrease>	-	<16%>	<18%>	<21%>	<22%>	<26%>	<32%>
Average Fee by Layer							
2,000 – 5,000 GRT	$349	$900	$828	$828	$760	$709	$685
20 – 30k GRT	$832	$1846	$1734	$1651	$1610	$1552	$1438
50 – 60k GRT	$2303	$2943	$2795	$2678	$2626	$2516	$2329
90k + GRT	$5383	$4541	$4400	$4243	$4180	$3976	$3667

In addition to the data presented by GRT layers, we selected an individual vessel from each layer to present the effect of the various rate structures.

Pilotage Fee Per Handle

Vessels	Current Rates	Agreed Upon Rates	Optional Rate Structures 1	2	3	4	5
0000 – 2,000 GT							
Crosby Trinity	275	645	573	573	539	506	491
2,001 – 5,000 GT							
Vanquish	377	899	827	827	759	708	68\2
5,001 – 10,000 GT							
Pegasus J	547	1132	1056	1056	964	896	860
10,001 – 20,000 GT							
Dole Ecuador	919	2013	1888	1800	1755	1692	1569
20,001 – 30,000 GT							
Overseas Chinook	1440	2448	2298	2206	2154	2068	1921
30,001 – 40,000 GT							
Silver Spirit	1561	2211	2106	2010	1966	1888	1745
40,001 – 50,000 GT							
Dublin Express	2064	3051	2891	2753	2700	2596	2400
50,001 – 60,000 GT							
Maasdam	2311	2752	2627	2519	2469	2363	2185
60,001 – 70,000 GT							
Monte Azul	2887	3470	3310	3176	3111	2977	2755
70,001 – 90,000 GT							
Westerdam	3274	3398	3268	3128	3075	2940	2711
90,001 + GT							
Queen Victoria (91k)	3569	3548	3418	3274	3221	3077	2837
Celebrity Reflection (125k)	4776	4257	4117	3960	3899	3714	3426
Freedom of the Seas (160k)	5939	4857	4712	4545	4482	4261	3929

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PART B (Original Applications)

Comparison of Current and Requested Rates by FCCA and PEP

	Current Rates	FCCA Requested Rates	Pilots' Requested Rates
Draft Rates	(All Vessel Types)	(Change to Passenger Only)	(All Vessel Types)
Minimum	14 Feet	14 Feet	14 Feet
Rates Above Minimum	$13.30	$9.975	0-20 Feet - $18.00/foot 21-30 Feet - $22.00/foot 31-40 Feet - $29.00/foot Over 40 Feet - $45.00/foot
Tonnage Rates			
Minimum 2500 GRT	$.0356	$.0267	$.0356
First 80k GRT	$.0356	$.0267	$.0356
Next 80k-130k GRT	$.0343	$.025725	$.0267
Over 130k GRT	$.0330	$.024750	$.0178
Weekly Feeder			
Less than 18k GRT	$.0320	N/A	$.0320 (no change)
Frequent Caller/>3 week			
First 80k GRT	Not a current rate	N/A	$.0320
Detention	$100/hour	$100/hour	$150/hour
Cancelled or Delayed	$100	$100	$150
Running Lines	$100	$100	$300
Shifting	$300 plus tonnage	$300 plus 75% of tonnage	$330 plus draft & tonnage
Placing Personnel on/off Pilot Boat	$200	$200	$200
Piloting or Shifting w/o Power Steering	1.5 X Draft	1.5 X Draft	2 X Draft and Tonnage
Deficient Vessel Movements	New	N/A	2 X Draft and Tonnage
Anchor	$300 plus Draft	$300 plus 75% of Draft	$400 plus Draft & Tonnage
Second Pilot Required	New	N/A	2 X Draft and Tonnage
Deputy Training	New	N/A	$20 per movement
Pension Charge	New	N/A	$200 per movement

Draft and Tonnage Charges for basic piloting handles represent 98.5% of total revenue. Shifting revenue represents another 1.48% and the other ancillary charges are considered negligible in the context of the two applications.

PART B (continued)

Based upon 2013 passenger traffic, the 25% decrease requested by FCCA would result in a $1.362 million decrease in annual pilotage revenue.

Based upon the same traffic data, PEP's requested rate would decrease passenger pilotage fees by $320,000 while increasing pilotage fees to cargo vessels by $1.535 million, a net increase in total pilotage revenue by $1.215 million. PEP's request is a significant shift from tonnage charges to draft charges, which partly addresses one of the assertions made by FCCA regarding the increasing tonnage of modern passenger vessels. This cost shift is presented below:

	2013 Data (in millions)		Requested PEP Rate Data (in millions)	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Draft	$ 2.345	21.5%	$ 3.999	32.9%
Tonnage Revenue	8.425	77.0%	7.820	64.4%
Shift Revenue	.162	1.5%	.178	1.4%
Other	.003	0%	.153	1.3%
	$10.935	100.0%	$12.150	100.0%

Recent Rate Applications

The two current rate applications are the fifth rate hearings for PEP in the last 22 years, as presented below:

Year	Type of application	Result / Change in Rates	
		Draft	Tonnage
1992	Application to Increase	+ 2.5%	+ 5.7%
1997	Application to Decrease	No Change	
1998	Application to Increase	+ 6.8%	+ 4.1%
2001	Application to Increase	3 step increase (see next page)	

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		2001 Rate Increase *	
Step 1:	06/13/2001	$12.41	$.0333 First 80k GRT $.0320 Next 80 – 130k $.0308 Over 130k
Step 2:	06/13/2002	$12.91	$.0346 First 80k $.0333 Next 80 – 130k $.0320 Over 130k
Step 3:	06/13/2003	$13.30	$.0356 First 80k $.0343 Next 80 – 130k $.0330 Over 130k

* Excludes weekly feeder discount and ancillary charges

Other Rates:

1. Weekly feeder-sized vessels over 18,000 GRT, the tonnage charge is : $.0343
2. Detention: $100 per hour after first .5 hour
3. Cancelled or delayed sailing: $100 after pilot is dispatched
4. Delivering orders or place person on/off vessel: $200
5. Running lines by Pilot Boat: $100
6. Shifting: $300
7. Piloting or shifting barges without power and/or steering: 1.5 times draft pilotage fee
8. Anchor: $300 plus draft charge

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Key Assertions by Applications

FCCA

FCCA's application presents data indicating that passenger vessels currently pay a disproportionate share of pilotage fees, compared to their relative share of total handles. In recent years, 21% to 23% of total handles were passenger vessels, while approximately 50% of total pilotage revenue was passenger related. The applicant asserts that, due to a number of key factors listed below, the pilotage rates charged to passenger vessels are not fair, just and reasonable as required by Chapter 310.15(3), *Florida Statutes*:

1. Pilotage fees based primarily on tonnage, do not correlate fairly to the various risks, complexity, or time required of pilots for passenger vessels, compared to cargo vessels of equal or smaller size. The newer, larger and more technologically advanced passenger vessels calling on Port Everglades are less difficult for pilots to handle and present less risk to the pilots than cargo vessels.
2. The average workload of pilots has decreased 30.8% since 2007 and yet the number of current pilots have remained the same, at 17. This results in a lower average income per pilot which artificially deflates pilotage rates.
3. Unfunded retirement benefits paid to retired pilots are not reasonable operating expenses of the piloting operations and should be included in the determination of average income per pilot, including all benefits.
4. Current net income per pilot, including all benefits is excessive, considering:
    a. The physical risks of the profession, compared to other professions of equal or greater risks;
    b. The responsibilities of the pilot versus the crew of a passenger vessel and their comparable rates of compensation.
5. Pilots have limited liability because ship owners bear the greatest risk of loss for marine incidents.

PEP

The pilots' application attempts to address the issue of pilotage fees on very large vessels, but it does not distinguish between passenger and cargo vessels. In their 1998 application, PEP gave consideration to larger vessels by requesting a tiered tonnage rate, which has been in place since 2001. The PEP request increased draft charges and further discounts in tonnage charges for all larger vessels. Other key assertions include:

1. Port Everglades Pilotage Rates are among the lowest in the country and would remain so, even with their requested rate.
2. Pilotage revenue and average net income per pilot has decreased since 2004, in relation to the increase in the CPI of 37% (2003 – 2018).

Key Assertions by Applications (continued)

3. Historical and current data on workload; pilotage fees by customer type; and the number of required pilots are misrepresented by FCCA's application.
    - 3,900 handles lost in the last ten years have been small to below average size vessels
    - Two, extremely large cruise vessels distort the overall mix of passenger vessels, and the pilotage revenue they produce
    - The pilots, with board approval (on additions to their number of pilots), maintain an adequate number of pilots, considering the timing, safety, and peak loads of the port traffic
4. The pilots are concerned with their income levels and threat to their retirement benefits in the context of competing nationwide for the most qualified deputy pilots.

The above summarized, key assertions by the applicants are presented for the purpose of our Executive Summary. Please read the Applicants' entire Rate Applications (Exhibit 9 and 10) for the full context of the Applicants' assertions and justifications for the requested rate changes.

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ANALYSIS OF DATA FOR REQUEST FOR CHANGE OF RATES [CHAPTER 310.151(5) *FLORIDA STATUTES*]:

The bold type represents the items listed in the above rule. The standard type is information or comments by the Investigative Committee.

In determining whether the requested rate change will result in fair, just, and reasonable rates, the Board shall give primary considerations to the public interest in promoting and maintaining efficient, reliable, and safe piloting services.

The Board shall also give consideration to the following factors:

1. The public interest in having qualified pilots available to respond promptly to vessels needing their service.

The pilots are essential to the safe movement of vessels within the pilotage waters of the State. In addition to their navigation and supervisory skills, they must be knowledgeable of local weather, hazards, silting, speed and direction of currents, and timing and direction of tidal movements. They assist in the development of safety and operational guidelines for the port operation; participate in the process of developing port and professional regulations; and although there is an established harbor master in the port, they provide some of the harbor master services at no additional change to their customers. They also provide extensive training to deputy pilots, as required by Chapter 310, *Florida Statutes*.

The pilots serve multiple public interests:

- Protection of life and property.
- Protection of the environment and the economic base that is dependent upon it.
- Providing a sense of security that the entire scope of responsibility is assumed only by the best qualified pilots available.

We received no complaints from the various Port Authorities, or other interested parties regarding the level of service, qualifications and skills of pilots or their ability to respond promptly to vessels needing their services. The Investigative Committee held two public meetings, one in 2014 and another in 2018. Several interested parties (other than the two applicants) made relevant comments which are summarized below:

<u>December 12, 2014 Public Meeting</u>

1. <u>McAllister Towing</u> stated the port was a difficult and challenging port, due to the close dimensions and large size of many of the vessels that call upon the port. They agree with the pilots' requested rate restructuring – although McAllister Towing is not a user of pilot services.

1. The public interest in having qualified pilots available to respond promptly to vessels needing their service. (continued)

December 12, 2014 Public Meeting (continued)

2. Seaboat Towing stated any reduction in pilotage rates could have a negative ripple effect on attracting the best qualified pilots and the port in general.

3. Sea Corp Ocean Transport, which operates tankers, barges and container ships, is not always required to use a state pilot, but does so anyway because of safety considerations. They agree with the pilots' rate request.

4. Penlay Latin America Services operates large container ships with eight callings per week in Port Everglades. They appreciate the level of service and professionalism provided by the pilots, but do not support the pilots' rate request which they estimate will result in a 17% increase in overall pilotage fees for cargo vessels and a 50-60% increase for the small cargo vessels.

5. Captain George Quick, masters, mates and pilots provided pilot compensation information which is discussed on page 31 and in Exhibit 4.

6. Mary Ann Gray, Broward Navy Days discussed the dependency of South Florida on the port's import and storage of petroleum. Evidently, the port has storage capacity of only five to seven days of normal consumption of petroleum and if some catastrophic event (weather or a vessel incident) blocked the import of petroleum for more than five to seven days, it could result in severe economic conditions for the entire state.

September 10, 2018 Public Meeting

1. George Moraitis, State Representative, District 93, and Chip LaMarca, Broward County Commissioner: Both expressed support of the pilots' request for a rate increase in order to retain and attract qualified pilots and maintain safety at the port.
2. Some cargo industry representatives stated they were not aware of the agreed-upon rate structure. Copies of same were provided at our meeting.
3. Crowley Liner Services, Inc. provided a response, stating the 110% increase has an unfair impact on its 814 handles in Port Everglades, which would result in a $565,000 annual increase. (See Exhibit 3)
4. At the public meetings, we encouraged attendees to provide information to the Investigative Committee before September 20, 2018, so we could include or consider such information on our investigative report. Other than FCCA and Crowley, we received no other responses.

2. A determination of the average net income of pilots in the port, including the value of all benefits derived from service as a pilot. For the purposes of the subparagraph, "net income of pilots" refers to total pilotage fees collected in the port, minus reasonable operating expenses, divided by the number of licensed and active state pilots within the ports.

The following is an analysis of total net income per pilot, including all fringe benefits and discretionary costs for 2013 and 2017. The retirement benefits are estimated in a separate analysis because of the subjective nature of estimating the unfunded retirement benefit.

		2013		2017
Net Income	$	5,047,579	$	5,509,548
Fringe Benefits and Salaries				
Salary paid to Pilots		723,800		694,726
Group Health Insurance		492,900		485,379
Funded Pension Contribution		126,000		121,577
Lobbying Expenses		115,000		159,208
Political Contributions		2,800		3,500
Contributions/Business Promotions		25,300		24,000
Subtotal Fringe Benefits / Salaries		1,485,800		1,488,390
Total Income, including Benefits	$	6,558,379	$	6,997,938
Number of Pilots		17		17
Average net income per Pilot	$	385,764	$	411,643
Estimated Value of Unfunded Retirement		45,000		45,000
Total estimated net income per pilot, including all benefits	$	430,787	$	456,643
Actual Cash Distributions, other than fringe benefits and unfunded pension	$	355,712	$	369,521

2. A determination of the average net income of pilots in the port, including the value of all benefits derived from service as a pilot. For the purposes of the subparagraph, "net income of pilots" refers to total pilotage fees collected in the port, minus reasonable operating expenses, divided by the number of licensed and active state pilots within the ports. (continued)

The Investigative Committee had previously estimated an imputed value of the unfunded pension plan at $30,000 per year, per pilot, to compute total compensation in the 2001 Rate Investigation. Our estimate was based upon factors associated with a funded plan, along with rates of returns on investments, and assumed mortality tables. The estimate was within a reasonable range of the actual cost of the unfunded plan in the late 1990's. The Committee's current estimate is $45,000 per pilot attempts to partially reconcile the differences in the 2017 retirement benefits paid, divided by the number of active pilots, which exceeds $150,000 per year.

The following table presents the average net income per pilot, including fringe benefits, but excluding the imputed benefit for the unfunded pension plan, for the years that the Investigative Committee has available information from previous applications and investigations.

YEAR	NET INCOME
1994	$ 365,000
1995	$ 405,000
1996	$ 334,000
1997	$ 303,000
1998	$ 296,000
1999	$ 325,000
2000	$ 334,000
2012	$ 384,000
2013	$ 386,000
2017	$ 412,000

3. Reasonable Operating Expenses of Pilots

The following is a summary of some of the larger expense categories in the pilots' cost of operations:

	2017
Operating Expenses	
Boat Expenses (Fuel, Maintenance, Depreciation, Insurance)	$ 496,600
Salaries (Excluding Pilots)	546,700
Health Insurance (Excluding Pilots and Retirees)	223,200
Florida Harbor Pilots' Association Dues (less Lobbying %)	80,500
Other Office and Business Expenses	104,800
Deputy Pilots Compensation and Benefits	383,500
Payroll and other Taxes	124,300
Professional Fees – Legal and Accounting	180,700
State Board Assessments	82,800
Pension Expense (Excluding Pilots)	89,700
Business Insurance	36,700
Interest Expenses	19,400
Total Operating Expenses	2,282,835
Unfunded Retirement Benefits	2,606,558
Pilot Fringe Benefits and Salaries	1,488,390
TOTAL OPERATING EXPENSE	$ 6,377,783

Unfunded Retirement

The largest, single expense is the unfunded retirement of $2,606,558, for the fifteen retirees in 2017. Ten of those retirees were paid $174,644 each, two were paid $130,983 each; two were paid $87,322; and one who is deceased was paid $130,983 as a final payout to the surviving spouse. In addition, PEP paid an additional $214,000 for retirees' health insurance premiums, salaries and pension contribution on such salary. See further discussion of the retirement plan at pages 38 through 42.

The presentation of retirement expenses on the above schedule, as a separate line-item, rather than including it within the operating expenses of the pilots' basic piloting operations, is a matter of controversy between FCCA and the pilots. FCCA asserts that it is not an essential cost of the piloting operations and should be included (by some measure) in the active pilots' total compensation.

3. Reasonable Operating Expenses of Pilots (continued)

The pilots assert that the unfunded retirement expenses are customary in the piloting industry and a significant portion should be included in operating expenses and only a reasonable estimate of imputed value should be attributed to active pilots' income. The differences in the FCCA's and pilots' estimates of imputed values are material.

Employee Salaries

The pilots maintain a staff of eight, which includes the following:

Position	Average Compensation
Four Boatmen	$75,600
Two Maintenance Staff	$54,800
Two Accounting and Clerical Staff	$67,400

Included in the boatmens' average compensation is 15% overtime pay, which minimizes the cost of adding a fifth boatman, along with health and pension benefits, if another employee was added.

Deputy Pilot Salaries

In 2017, five deputy pilots (4 FTE) who earned an average of $76,000 each, including health insurance. As deputy pilots become State Pilots, their salary expense for PEP will become zero, as their salaries will be added to total net income, to be divided by 18 active pilots.

Health Insurance

The average health insurance premium for the 30 pilots, staff and deputies was $29,000 in 2017. The insurance plan is with the International Organization of Masters, Mates and Pilots. In lieu of paying for separate coverage for workers' compensation, this plan covers work related injuries which is a net (unknown amount) savings to the Pilots' total operating expenses. By including the total health insurance premium in average pilots' compensation, there is an estimated overstatement of average net income per pilot of $5,000 to $8,000, for the estimated amount of the workers compensation premium. This amount would otherwise be considered a reasonable operating expense, rather than a fringe benefit.

Pension Expense

The funded pension plan requires PEP to contribute 17.5% of employees' salaries annually. Each pilot has a base salary of $42,515, upon which the same 17.5%, or $7,440, is contributed on their behalf.

3. Reasonable Operating Expenses of Pilots (continued)

Boat Expenses

The pilots have five pilot boats, four of which are 35, 17, 14, and 8 years old and are fully depreciated for accounting and tax purposes. A new pilot boat was acquired in November 2017 for $1.1 million. The pilots are depreciating the new boat on a straight-line basis over five years, which substantially understates the estimated useful life of a new boat. We adjusted the 2019 projected income statement to modify the useful life to 10 years. Rebuilt engines and other boat improvements, totaling $400,000 since 2006, keep the older boats in good working condition. 2017 boat expenses include the following, except for salaries of the maintenance staff:

Repairs and Maintenance	$236,803
Fuel	129,802
Depreciation	52,895
Insurance	77,080
Total	$496,580

Florida Harbor Pilots' Association

PEP pays 1.5% of pilotage revenue to the State Pilots' Association. The Association is a 501(c)6 trade association that provides various business benefits, including advocacy services for the eleven pilot organizations and 100 state pilots in Florida. The portion of these dues attributed to advocacy, should be considered as lobbying expense, and added to the total compensation, including fringe benefits, for pilots. Total dues in 2017 were $140,462 and $60,000 was the amount allocated to lobbying.

State Board Assessments

PEP pays .7% of total pilotage revenue (cash basis) to fund the operations of the Board of Pilot Commissioners and the Rate Review Committee.

Professional Services

These services include accounting, tax and legal services and employee benefit plan services.

Interest Expense

As of December 31, 2017, PEP had $1.3 million in outstanding notes payable for the purchase of the new pilot boat acquired in 2017.

3. Reasonable Operating Expenses of Pilots (continued)

Other Office and Business Expenses

This category of expenses include the following:

Office Supplies and Expenses	$ 36,725
Telephone	21,957
Continuing Education	22,084
Utilities	15,283
Travel	8,775
TOTAL	$104,824

Summary

PEP has not requested a rate increase since 2001. Since then, the pilots have exercised prudent and frugal management in order to maximize pilot net income. They minimize the number of employees by handing their own dispatching responsibilities and assigning management functions to active pilots on a rotating basis. These factors, coupled with the Pilots' initiative to maximize net income indicates that the operating expenses (other than the unfunded retirement and other fringe benefits included in pilot income) of the pilots are reasonable and necessary for the operation of PEP.

4. Pilotage rates in other ports.

FCCA's 2014 application virtually ignores the fact that Port Everglades has some of the lowest pilotage rates in Florida and in the country. Instead, they look at net pilot income to demonstrate whether pilotage rates are reasonable. However, the rates at nearby Ports of Miami, Palm Beach, and Canaveral are presented by FCCA for comparison.

PEP asserts that comparisons of their rates are relevant in this process, as it is provided in Chapter 310.151.(5)(b)4, *Florida Statutes* of determining fair, just and reasonable rates. In addition to the Ports of Canaveral, Miami, and Key West, PEP adds Tampa and Jacksonville as major Florida ports for comparison, and presents averages of sample pilotage rates for additional analysis. Tampa and Jacksonville are longer distance ports and therefore, comparisons of rates and average fees with short-run ports are less meaningful from a handle/time perspective.

PEP's comparison to three of Florida's short-run ports also presents disparities. Key West and Canaveral handle a high percentage of large cruise vessels and very few smaller vessels. Their lower rates have not changed since 1991 and 1981, respectively, because the increasing size of cruise vessels has generated sufficient pilotage revenue and net income per pilot over the past thirty years. Palm Beach rates are higher than the group because they handle a large number of small to medium size vessels and no very large vessels. The number and the mix of sizes of vessels in Miami are the most comparable rates to Port Everglades.

However, rate comparisons to all Florida ports and selected US ports as presented in PEP's application and in this report are relevant from the perspective of how competitive the pilotage rates are at Port Everglades, and to present the range of pilotage fees port users are typically paying in Florida ports and around the US.

4. Pilotage rates in other ports. (continued)

Florida Port Comparisons

Table 1 presents the current rates in all Florida ports. Examples of larger vessels are presented in Tables 6 and 7.

Table 1: Pilotage Rates - 2018 data

	Rate	Min	GRT	Min	Standard Vessel Fee		effective
Florida Port	$/Foot	Feet	$/ton	ton	Small	Large	date
Fernandina	23.35	15	0.057	3000	$627.30	$3,736.10	01/01/2011
Jacksonville	21.20	15	0.0464	3000	$520.80	$3,057.12	01/01/2004
Port Canaveral	12.50	12	0.028	2500	$307.21	$1,836.60	10/01/1981
Fort Pierce	26.60	10	0.060	2000	$654.96	$3,930.38	05/01/2010
Palm Beach	16.00	13	0.034	2500	$387.82	$2,253.16	08/01/2014
Port Everglades	13.30	14	0.0356	2500	$343.92	$2,262.51	06/13/2003
Key West	18.40	12	0.0345	2000	$432.69	$2,346.91	04/01/1991
Tampa ***	39.27	12	0.0713	2600	$680.58	$4,256.77	02/01/2010
Panama City	25.00	16	2.30*	175	$860.00	$3,052.67	07/10/2000
Pensacola	25.00	16	2.00*	200	$800.00	$2,741.94	08/19/2011
Miami**	30.00	18	0.015	5000	$1024.00	$3,230.40	05/09/2018
Port Everglades Agreed upon rate	**30.00**	**18**	**0.014**	**5000**	**$920.25**	**$3077.30**	

Notes:
*Panama City/Pensacola does not use a tonnage charge but a Unit charge: (Unit=Length x Width/100)
**Miami uses a modified rate structure of [Rate= Length($1)+Beam($5)+Draft Min 18ft($30)+ GRT min 5000($.015)+ $100]. Vessels less than 10000 GRT get a discounted rate
Boca Grande officially closed 1/16/02- port data removed from all tables
Port Everglades agreed upon rate = ((LOA(min=100)*1.0)+ (Beam (min 30.0)*5.0)+(Draft(min=18)*30)+(GRT(min=5000)*0.014)) Discounted rates for less than 10000 GRT
***Tampa uses a different minimum draft charge for vessels less than 10,000 GRT (12') and for vessels greater than 10,000 GRT (20')
Small Vessel = 342'LOA, 55' beam, 2936 GRT, 18' draft
Large Vessel = 965' LOA, 105.8' beam, 53093 GRT, 28' draft

4. Pilotage rates in other ports. (continued)

Table 2 presents the number of handles; total pilotage revenue; the average revenue per handle; and the revenue per handle hour for each Florida port. Previous rate investigations (Prior to 2001) used a handle time at Port Everglades of 1.9 hours. Since the events of 9/11/2001, the Coast Guard requires all vessels and pilots to meet 2.0 miles from the sea buoy. The previous distance was .5 miles, which currently adds three additional miles for each handle. Additionally, the increase in the number of larger vessels which insist on not making a turn on approach or not being delayed on approach, require a pilot, or at times, a number of pilots be available at sea, in pilot boats, to meet inbound or outbound vessels. The handle times used in this table have not been updated for similar Coast Guard requirements in any other Florida ports and that will result in inaccurate revenue per handle hour comparisons.

Table 2: Handles, Pilots and Revenue - 2017 data

Florida Port	#handles	Revenue	Avg Handle Time	# Pilots	Revenue/ Handle	Revenue Handle hr
Fernandina	161	$ 182,707	4.0	1	$ 1,135	$ 284
Jacksonville	3,734	9,897,138	4.0	14/1	2,651	662
Port Canaveral*	2,194	5,562,701	2.0	9/1	2,535	1,268
Fort Pierce**						
Palm Beach	2,564	1,529,444	1.5	5/1	597	398
Port Everglades	8,017	11,800,285	2.6	17/4	1,472	566
Miami	5,537	11,902,547	2.6	16/4	2,150	827
Key West	699	2,107,215	2.5	3/1	3,015	1.206
Tampa	4,644	13,203,458	7.5	17/4	2,843	379
Panama City	494	642,813	2.5	2	1,301	520
Pensacola	24	44,095	2.5	1	1,837	735

- * Port Canaveral Pilots submitted a letter to PRRB on 10 Feb 06 indicating their average handling time should be increased. Used historical data for consistency.
- ** Ft Pierce's closed operations as of 2015
- All Deputies indicated by number after / are replacing retiring pilots

4. Pilotage rates in other ports. (continued)

Table 3 presents approximate distance in nautical miles, for piloting cargo and passenger vessels within the various ports. There are extreme variations in Jacksonville and Tampa, due to the geographic size of these ports.

Table 3
Approximate distances for piloting large cargo and passenger vessels within port areas (NM)

Port	Cargo	Passenger		Port	Cargo	Passenger
Fernandina	11.8	12.0		Port Everglades	7.0	5-6.0
Jacksonville	12.5-20.9	15.1		Miami	5.7-8.0	6.85-8.85
Canaveral	6.0	7.0		Key West	8.5	7.6-7.9
Ft Pierce	4.4	N/A		Tampa	25.9-43.3	44.0
W. Palm Beach	2.3	2.3		Panama City	10.0-17.0	N/A
				Pensacola	11.0	N/A

Notes:
Data taken from prior rate investigations, chart estimations and actual port input.

Tables 4 presents examples of 6 vessels (3 cruise and 3 cargo); their sizes and their unit capacities.

Table 4: Vessel Specifics

Vessel	Length(ft)	Beam	Draft(ft)	GRT	Units	
					Number of Passengers	Number of TEU's
Carnival Fantasy	855	103.0	25	70,367	2467	N/A
Grand Princess	951	118.1	26	109,000	3100	N/A
Oasis of the Seas	1,187	154.0	28	225,282	6296	N/A
Leda Trader	657	97.8	26	25,535	N/A	2466
MOL Encore	965	105.8	28	53,096	N/A	4578
Maersk Altair	1,108	149.6	40	108,393	N/A	9580

4. Pilotage rates in other ports. (continued)

Table 5 presents the pilotage fee for a port call for the vessels in Table 4, in terms of unit cost of either the number of passengers or twenty foot equivalents (TEU's).

Table 5: Economy of scale comparison

Vessel	Inbound/or Outbound Pilotage Fee	Units		Pilot Fee per Unit
		Number of Passengers	Number of TEU's	
Carnival Fantasy	$ 3,105	2,467	N/A	$1.26
Grand Princess	$ 3,848	3,100	N/A	$1.24
Oasis of the Seas	$ 5,951	6,296	N/A	$0.95
Leda Trader	$ 2,283	N/A	2,466	$0.93
MOL Encore	$ 3,077	N/A	4,578	$0.67
Maersk Altair	$ 4,574	N/A	9,580	$0.48

Table 6 presents a comparison of the charges of these 6 vessels, comparing their pilotage fees with the current rate, and the agreed upon rate.

Table 6: Comparison of PEP present rates and agreed upon rates

Vessel	Present Rate (one-way)	Agreed Upon Rate	amount change
Carnival Fantasy	$ 2,838	$ 3,105	$ +267
Grand Princess	$ 4,189	$ 3,848	$ -341
Oasis of the Seas	$ 8,080	$ 5,951	$ -2129
Leda Trader	$ 1,255	$ 2,283	$ +1028
MOL Encore	$ 2,262	$ 3,077	$ +815
Maersk Altair	$ 4,354	$ 4,574	$ +220

4. Pilotage rates in other ports. (continued)

Table 7 presents example pilotage rates in all Florida ports for a very large, cargo and cruise vessel, one medium cargo vessel and one small cargo vessel.

Table 7:
Miami class representative vessels (Table 3) pilotage fees in Florida ports

Port	**Expansa** L=328' B=52' Draft= 16.4' GRT= 2936	**MOL Encore** L= 965' B= 105.8' Draft= 28.1' GRT= 53096	**Maersk Altair** L= 1107.6' B= 149.6' Draft= 40.1' GRT=108393	**Oasis of the Seas** L= 1187' B= 154.0' Draft= 28' GRT= 225,282
Fernandina	$583	$3,738	$7,195	$13,551
Jacksonville	$484	$3,059	$5,880	$11,047
Canaveral	$287	$1,838	$3,536	$6,658
Ft Pierce	$613	$3,933	$7,570	$14,262
W. Palm Beach	$362	$2,253	$4,325	$8,108
Miami	$1,002	$3,233	$4,784	$6,276
Key West	$403	$2,349	$4,477	$8,287
Tampa	$853	$4,889	$9,303	$17,162
Panama City	$802	$3,051	$4,814	$4,904
Pensacola	$751	$2,744	$4,316	$4,356
Port Everglades	$317	$2,262	$4,354	$8,080
Port Everglades Agreed Upon Rates	**$916**	**$3,077**	**$4,573**	**$5,951**

Notes: Expansa can be handled in all Florida ports.
MOL Encore could not be handled in Ft Pierce, W Palm Beach, Key West and Pensacola due to draft or dock restrictions.
Maersk Altair can only be handled in Miami, Port Everglades, Jacksonville and Tampa.
Oasis of the Seas could only be handled in Miami, Port Everglades and Tampa.

4. Pilotage rates in other ports. (continued)

Port Everglades Pilots Association presented comparisons with the 6 largest ports in Florida and all the major ports in the United States. Table 9 shows the vessel input data utilized when determining rates in the various ports.

Table 8 presents pilotage fees for **one-way voyage** for the above cargo vessels in the all the respective ports for comparison purposes.

Table 8: Pilotage fees for all the ports used in requests

Port	Small	Medium	Large	Large Cruise	Eff date
Jacksonville	521	1,606	3,232	7,070	1/12/04
Canaveral	295	962	1,940	4,258	10/1/81
Palm Beach	373	1,189	2,385	5,193	8/1/14
Miami	1,024	2,229	3,473	4,690	5/9/18
Tampa	807	2,786	5,357	11,122	2/1/10
Boston	1,836	3,046	4,919	6,458	1/1/18
New York	1,889	2,522	9,345	10,262	1/1/18
Baltimore	3,249	8,701	15,274	11,608	1/1/18
Virginia	1,093	3,245	5,315	10,030	3/17/17
Charleston	1,277	2,235	3,300	9,831	6/1/18
Savannah	1,420	2,257	3,334	9,882	7/1/18
Mobile	1,505	2,653	4,797	19,149	1/17/17
New Orleans	3,660	5,265	8,621	4,624	1/1/18
Associated Brh	1,814	2,001	3,357	1,814	1/1/18
Crescent River	3,406	4,971	7,993	4,100	5/1/18
Houston	2,515	3,471	6,570	15,411	1/1/17
Galveston	1,833	2,155	3,550	4,775	9/2/17
Corpus Christi	1,252	1,784	6,926	12,436	1/1/18
San Francisco	880	3,237	7,013	17,463	7/1/18
Columbia River	3,545	5,077	7,264	13,019	4/5/18
Puget Sound	1,428	1,857	4,299	12,829	1/1/18
Port Everglades	**328**	**1,158**	**2,373**	**5,225**	**6/1/03**
Port Everglades Agreed upon rate	***920***	***2,086***	***3,320***	***4,450***	

Note: The Investigative Committee used rate data provided in PEP's application and verified a sample of the above port rates without exception. The pilotage fees are based on the following vessel criteria:

Table 9: Specific vessel criteria for class size cargo vessels used

Class Size	Length Feet	Draft feet	GRT	DWT	Molded Breadth	Molded Depth
Small	342	18	2,033	5,196	55	26.9
Medium	636	25	23,200	26,800	79	26.9
Large	965	36	53,208	67,616	106	70.2
Large Cruise	1,021	28	139,570	9,616	127	70

REPORT OF THE INVESTIGATIVE COMMITTEE
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APPLICATIONS FOR CHANGE OF RATES OF PILOTAGE
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Note: Length, Draft, Breadth and Depth are in feet. Data taken from PEP application, rounded to nearest whole number, except for molded depth.

4. Pilotage rates in other ports. (continued)

Notes:

1. Boston uses a graduated draft charge based upon GRT, ranging from $54.57 to $133.09
2. New York & Baltimore uses a EC unit= LOA X Breadth X Depth/10000
3. Virginia uses a graduated rate based upon GRT
4. Charleston's applies a fuel surcharge of $122.01
5. New Orleans uses dead weight tonnage (DWT). Also charge for dock, undock and turning. Used 1.5 times fee (based on LOA)
6. Houston, Galveston and Corpus Christi uses a GC Unit= LOA X Breadth/100
7. Surcharges vary from port to port but include among the following: Fuel, Docking, Turning, Communication, Transportation, Pension, Port Safety, Capital Expense, pilot Boat, Continuing Education, Pilot Trainee, and VTS (navigation assistance)

5. The amount of time each pilot spends on actual piloting duty and the amount of time spent on other essential support services.

FCCA asserts that PEP has too many pilots to handle a declining number of handles. In 2004, PEP had 17 state pilots to handle 12,778 movements – an average of 751 handles per year, per pilot. The average handles per year, per state pilot in 2017 are down to 8017 by 4761 – or down 37% from 2004.

PEP provided a number of explanations for the average workload decline:

1. During the peak levels of handles between 2003 to 2007, the 17 PEP pilots were understaffed and the average workload (between 628 and 751) was too high. This was the second highest average workload of the eleven Florida ports, but the volume was compounded by the number of small, daily cruise handles included in the mix of total vessels. Daily cruise handles totaled 3,930 in 2004, but declined to only 445 by 2013.
2. From 2003 to 2006, six new pilots were added to compensate for the peak workload years, but during the same period six pilots retired, keeping the pilot roster at 17 and understaffed.
3. The 37% precipitous drop in handles starting in 2004 through 2017 is not something the pilots can control or anticipate, in order to match the number of available pilots to the workload at any given time. The process of requesting a deputy; administering the exam; and providing a three year deputy training program; present a minimum, four year time frame to add new pilots. In addition, planning for retirements, sicknesses, injuries or other events causing pilots to be unavailable for duty, are unpredictable variables.

From 2013 to 2017, PEP had 17 state pilots and two to five deputy pilots. Deputy pilots are able to handle 40% of the smaller vessels. However, it is common for 2 pilots (a state pilot and a deputy) to perform a single handle. PEP asserts that an even number of pilots is desirable for the watch schedule and based upon the timing of traffic in the port, 18 pilots are necessary to effectively cover the needs of the port, considering all factors and contingencies.

PEP's application presents a comprehensive analysis of the time pilots spend on actual piloting duties and other essential support activities, which is summarized beginning on the next page:

5. The amount of time each pilot spends on actual piloting duty and the amount of time spent on other essential support services. (continued)

The Port Everglades Pilots' Association work schedule calls for having nine pilots on for four weeks, while the other nine are off the board. The nine pilots on watch are on call 24/7, however the watch is divided into two, 12 hour periods whereby there are primarily 5 pilots on day watch and 4 pilots on night watch. At times of peak traffic, some of which are predictable and others are not, pilots are called in across the day/night divide as needed to prevent delays. There is a higher prevalence of this occurring during the 20 week winter cruise ship season. To cover the foreseeable, significant spikes in traffic that occur on the weekends during the peak of cruise ship season, two of the off-watch pilots are often called in to provide the other regular watch pilots sufficient time to rest between work periods. This averages about 45.5 hours per pilot per year. As an additional backup, they place two of the off-duty pilots on a 24-hour recall status to handle any unexpected fluctuations in pilots due to injuries, sickness emergencies or business issues. This works out to 8 weeks every 17 months or 475 hours of additional standby time.

PEP elected not to hire dispatch personnel or managers for their corporation and consequently divide the workload between the active pilots on and off-watch. The pilots therefore not only provide pilotage duties, they serve as dispatchers for the port pilots. Given 8,760 hours in a year and that the pilots moved 8,017 vessels (in 2017), almost every hour of every day (92% of the time) a ship arrives or departs the port. PEP asserts that their dispatching duties are equivalent to a 24/7 task (8,760 hours ÷ 18 pilots) or 515 hours per pilot per year. There is no documented evidence to verify this assertion, but given that a dispatch takes place for each handle and that one of the 4.5 pilots on duty (within any 12 hour watch period) must be available to accept a request for dispatching and follow through with the process, it is not unreasonable to attribute this many hours of on-watch time to dispatching.

The recap of PEP's actual time requirements for each pilot includes the following:

1. Bridge time (1.75 hours) and other handle time (.85 hours) (8,017 vessels/year X 2.6 hrs/vessel/1 pilots) or 1158 hours/year.
2. Two **"managing pilots"** handle the pilot-related administrative workload, which rotates every three years and equates to an additional 31 hours/week or 1612 hours each year or 95 hrs/pilot.
3. Pilots serve as **"dispatchers"** in lieu of hiring four extra people for that function for a savings of 515 hours/pilot.
4. Winter peak-time adds 45 hours per year to the on-watch requirement.
5. Other time requirements include the **"designated pilots"** who are on a "on-call" status (but off-watch) eight weeks every 17 months which equates to approximately 5.66 weeks/yr or 475 hours/pilot.
6. They are also involved in professional continuing education and training development time, managing watch rotations, political liaison /community service efforts.

5. The amount of time each pilot spends on actual piloting duty and the amount of time spent on other essential support services. (continued)

When considering the pilot's bridge and dispatch times, operational and administrative responsibilities, plus training requirements their workload is far greater than the 40-hour per week average. In addition, three pilots have served regular rotations overseas supporting America's war on terror as part of the naval reserve. A summary of on-watch and off-watch time is summarized below:

On-Watch / Off-Watch / On Duty / Off Duty

365 days per year
x 24 hours per day
8,760 total hours per year

	Hours	Explanation
On Duty: 8,760 ÷ 2 =	4,380	one half of year on duty
On Watch: 4,380 ÷2 =	2,190	12 hours on / off watch
Add winter peak time	45	Additional on-watch requirements
Total Hours on-watch	2,235	

Allocation of total time:		On-Watch	Off-Watch
Bridge Time:			
7,383 handles ÷ 17 x 1.75 hours	=	760	
Remaining Handle Time			
7,383 handles ÷ 17 x .85 hours	=	369	
Total Handle Time		1,129	
Standby			475
Dispatching		515	
Winter Peak Time		45	
Deputy Pilot Training		10	
Administration and Liaison		95	110
Continuing Education		12	
Continuing Education			40
Subtotal		1,806	625
Other Port, Professional and Regulatory Activities		384	N/A
PEP's on-watch/off-watch total		2,190	625

6. The prevailing compensation available to individuals in other maritime services of comparable professional skill and standing.

The prevailing compensation of US pilots and Florida pilots, compared to other comparable maritime professions is not a finite amount, as it rests with the judgment of the Pilotage Rate Review Committee. The Investigative Committee believes that the applicants will present testimony that will provide a sufficient range of factors and levels of compensation for the Rate Committee to evaluate in its determination of whether the applicants' requested rate decrease will result in fair and reasonable rates in Port Everglades.

The FCCA submitted data on foreign flagged, senior captain compensation for cargo vessels, in the range of $150,000 to $200,000 per year and admits that "pilots should be compensated at the equivalent or slightly more than experienced captains." Previous Rate Review Boards and Committees have established a floor of base compensation for Florida pilots equal to or greater than US flagged senior captains. In the late 1990's and early 2000's, this "floor" amounted to the range of $200,000 to $220,000.

In the 2012 Administrative Hearing on the Port of Ft. Pierce, Judge Watkins' recommended order acknowledged that nationwide, average compensation for pilots are about $400,000 per year.

Exhibit 4 is a pilot submitted document from Captain George Quick, Vice President of Master Mates and Pilots for the recent Miami rate hearing. He has provided testimony at many of the previous rate hearings and at the above referenced administrative hearing. Captain Quick testified that US pilots earned an average of above $410,000 per year in 2017.

Another maritime consultant, Dibner Maritime Associates, LLC, provided testimony at the Miami hearing and a tabulation of pilot net income for 25 US ports, indicating a range of $260,000 to $687,000 and an average of $500,000.

Other than a pilot, the most relevant, comparable profession is a captain on a large U.S. flagged vessel. However, the skills, risks and working conditions of a ship's captain and that of a pilot are considerably different:

- A pilot must have a wider range of technical skills because of the variety of sizes and operational/handling characteristics of the vessels he handles.
- A pilot assumes more physical risks because of the boarding and unboarding of the vessels in good and bad weather.
- A pilot is constantly placed in a stressful situation because handling a vessel in, out and around a port is usually the riskiest situation that a vessel encounters.
- Whereas a ship's captain is an employee of the ship's owner, a pilot is a private businessman who assumes the risks and rewards of a fluctuating market; is required to invest in plant and equipment; and must continually improve his skills and train deputy pilots.
- Pilots must adapt to changing circumstances on each handle. Variations on the size of ships; propulsion systems; navigation equipment; experience and communication skills (language) of crew; known or unexpected mechanical failures; weather events, and unexpected traffic complications make each handle unique.

Probably, the most significant advantage in being a pilot rather than a sea captain is the ability to work in the community in which you live. Certainly, a sea captain who has a family would probably rather work near his home as opposed to being at sea for six months.

7. The impact rate change may have on individual pilot compensation and whether such change will lead to a shortage of licensed state pilots, certified deputy pilots, or qualified pilot applicants.

The following table presents the effect of the agreed upon rate request by FCCA and PEP:

	Actual 2017 Revenue	2019 Projected with Requested Rate Increase	Difference
Pilotage Revenue	$ 11,824,785	$ 15,900,000	$ 4,075,000
Other Income	62,546	63,000	-
Total Revenue	$ 11,887,331	$ 15,963,000	$ 4,075,000
Expenses			
Operating Expenses before retirement and active pilot compensation:	$ 2,282,835	$ 2,282,835	$ -
2 Year Inflation Adjustment at 5%		114,000	114,000
Adjustments for variable costs:			
Additional FSAP/Pilot Board 2.2%		89,650	89,650
Additional 20% on capped retirement		815,000	815,000
Additional full-year depreciation on pilot boat		92,000	92,000
Retirement Expense	2,606,558	2,606,558	-
Total Expenses	4,889,393	6,000,043	1,110,650
Net Income	$ 6,997,938	$ 9,962,957	$ 2,964,350
Number of Pilots	17	18	
Net Income per Pilot	$ 411,643	$ 553,498	

7. The impact rate change may have in individual pilot compensation and whether such change will lead to a shortage of licensed state pilots, certified deputy pilots, or qualified pilot applicants. (continued)

The following table presents the number of qualified applicants that were approved by the Board and the number of Deputy Pilot openings for each port since 2007. Roughly half of approved candidates follow through by taking the examination for the respective ports. The candidate with the highest score is typically awarded the Deputy Pilot position:

Year	Port	Candidates Approved/ Openings	Port	Candidates Approved/ Openings	Port	Candidates Approved/ Openings
2007	Tampa	12/1	Jacksonville	12/1		
2008	Jacksonville	15/1				
2009	Panama City	11/1				
2010	Key West	15/1				
2011	Jacksonville	14/1	Miami	11/2		
2012	Port Everglades	18/2	Miami	20/3		
2013	Canaveral	25/1	Miami	26/1		
2014	Port Everglades	24/1	Key West	9/1	Panama City	2/1
2015	Port Everglades	27/1	Canaveral Jacksonville Tampa	27/1 11/1 12/1		
2016	Port Everglades	26/2	Miami Tampa	15/2 8/1		
2017	Miami Pensacola	21/2 4/1	Key West	8/1	Tampa	19/1
2018	Canaveral Tampa	17/1 21/2	West Palm	8/1	Port Everglades	20/1

7. The impact rate change may have in individual pilot compensation and whether such change will lead to a shortage of licensed state pilots, certified deputy pilots, or qualified pilot applicants. (continued)

Other than Panama City in 2009 and 2014, the only openings since 2007 have been in the larger ports, or in the case of Key West, ports that handle larger vessels, and all of which have higher pilot incomes.

Usually, none of the candidates are already skilled as Harbor Pilots. They are experienced seamen that meet the requirements of Chapter 310.071, *Florida Statutes*. Deputy Pilots develop their piloting skills through the Deputy Pilot training program that the state pilots in each port are required to provide. It is the responsibility of such state pilots to insure that all deputy pilots are qualified to meet all of the demands of the piloting profession; otherwise, they are dismissed.

The candidates who ultimately take the exam and make a passing score for a particular port, typically invest 6 months or more of study on the physical attributes of the port and other piloting and seamanship skills. The table above indicates a high number of qualified applicants that eventually take the exam at the ports with indicated higher pilot income.

8. Projected changes in vessel traffic.

Port Everglades was authorized by the State of Florida in 1928. It is a well diversified port and is strategically located to serve South Florida, the Caribbean and South America. Potential trade with Cuba may bring significant growth to all of the South Florida ports, but the timing of any changes is unknown. Cruise service, bulk cargo, container cargo and petroleum imports are the primary market components for the port.

The following information from the Port Everglades' annual report present a comparison of key data in 2004, 2013 and 2017, which indicates how the cruise and cargo business has changed in thirteen years; which may also give a good indication of the projected number of handles over the next few years.

	2017	2013	2004
TOTAL SHIP CALLS [*1]	4,029	3,850	6,389
Cruise Ships	846	772	2,854
Container Ships	1,987	1,872	1,890
Cargo Ships	243	188	231
Petroleum Tankers/Barges	594	591	763
Navy/USCG [*2]	N/R	14	25
Others (Bunkers/Tugs)	359	413	626
TOTAL CRUISE PASSENGERS	3,863,662	3,600,636	4,075,406
Single Day	125,410	90,909	1,400,110
Multi-Day	3,738,252	3,509,727	2,675,296
TOTAL CONTAINERIZED CARGO (tons)	7,226,443	6,045,588	4,145,394
TEU's Loaded	792,995	663,410	486,598
TEU's Total	1,076,912	927,572	653,628
TOTAL PETROLEUM (tons)	16,492,838	16,330,225	17,585,603
Barrels	116,750,337	108,377,053	123,734,414
TOTAL BULK (tons)	1,220,147	884,908	2,854,588
Bulk Cement	665,307	534,469	2,333,142
Dry Bulk	546,325	337,239	509,891
Liquid Bulk (Non-petroleum)	8,515	13,200	11,555
TOTAL BREAK BULK (tons)	362,353	191,752	297,678

[*1] Double ship calls to determine number of handles.
[*2] Not Reported.

8. Projected changes in vessel traffic. (continued)

The following table was compiled from data provided by PEP and the Port.

The number of handles reported by the Port and the Pilots differ slightly, because PEP reports their handles to the Department based upon the number of movements (not port calls) and also based upon cash basis collections of pilotage fees.

Year	Cruise Handles	Cargo Handles	Total Handles
2004	5,708	7,070	12,778
2005	4,724	7,078	11,802
2006	3,526	7,494	11,020
2007	3,644	7,348	10,992
2008	3,352	7,100	10,452
2009	2,014	6,488	8,502
2010	2,030	6,128	8,158
2011	1,938	6,428	8,366
2012	1,676	6,324	8,000
2013	1,544	6,156	7,700
2014	1,754	6,186	7,940
2015	1,778	5,758	7,536
2016	1,752	6,166	7,918
2017	1,692	6,366	8,058 *

* 8,017 handles, per PEP

Key Relationships and Observations

Cruise Operations:

1. The daily passenger handles have decreased dramatically since 2004 from 3,930 to less than 500 since 2013. This decrease accounted for 69% of the total decrease in total handles of 5,078 in the same ten years, 2004 – 2013 (from 12,778 to 7,700).
2. PEP's projected loss of cruise vessels from 2017 to 2019 total 194. This includes three of the largest vessels (two over 225,000 GRT and one over 160,000 GRT), The Allure of the Seas, Harmony of the Seas, and Freedom of the Seas, which are transferring to Miami

8. Projected changes in vessel traffic. (continued)

Cargo Operations:

1. The number of container ships is holding fairly level in the last ten years, but the number of TEU's is up 10% - indicating larger vessels.
2. The number of petroleum vessels is down 18%, but the volume of petroleum is only down 2.5% - indicating larger vessels.
3. The number of cargo ships is up 55% and total bulk and break-bulk tonnage is up 38% - which could indicate either smaller vessels or the same size but with less utilization of ship capacity.

The following is a ten-year summary of traffic, revenue and average pilot data for Port Everglades:

Year	Number of Handles	Number of State Pilots	Number of Deputies	Pilotage Revenue (millions)	Average Revenue / Handle	Average Revenue / Pilot (thousands)	Number of Handles / Pilot
2003	11,681	16	1	$11.315	$968	$707	730
2004	12,778	17	4	$12.004	$939	$706	751
2005	11,023	16	3	$11.762	$1,067	$735	626
2006	10,939	18	4	$11.724	$1,072	$651	607
2007	10,667	18	2	$12.073	$1,132	$670	592
2008	9,223	18.5	2	$10.641	$1,154	$575	498
2009	7,671	20	0	$9.915	$1,293	$496	383
2010	7,821	20	0	$11.102	$1,420	$555	391
2011	7,711	19	0	$11.304	$1,466	$595	406
2012	7,436	19	2	$10.953	$1,473	$576	391
2013	7,383	17	2	$10.935	$1,481	$643	435
2017	8,058	17	5	$11.825	$1,467	$695	474

An interview with Bob Flynt, Director of Operations at Port Everglades, provided the following information on projected changes in vessel traffic:

1. The predominant trend is for fewer, larger vessels for both passenger and cargo, but the volume of passengers and cargo will remain about the same.
2. Vessels sharing arrangements for container traffic are becoming more common, which reduces some vessel calls and adds more TEU's to existing vessels. Reduced traffic volume decreases pilotage revenue but port revenues remain level.
3. Modifications to port berths, which generally decrease the number of berths but increase their lengths and capacities do not cause vessels to call elsewhere, but instead, accommodates the trend of larger and fewer vessels.

9. Cost of retirement and fringe benefit plans.

A. Retirement Plan

1) Regular Employees

The association has a money purchase pension plan providing a 17.5% contribution on all non-pilot employees and a 17.5% contribution on a base salary of $42,515 for full pilots. No pension contribution is made for deputy pilots. For a full pilot, the pension contribution is $7,440 per year for 2017.

2) Retired Pilots

Except for the benefits of the money purchase pension plan (above), the remaining pension plan for retired pilots is unfunded. Eleven retirees were paid $174,644 each in 2017; two were paid $130,980 each and two were paid $87,320; and a surviving spouse was paid $130,983 as a final settlement. In addition, some retirees received a small salary for up to five years for administrate support services; a 17.5% pension contribution on that salary and some received health insurance coverage, all three of which totaled $214,000 in 2017. Their retirement plan is based upon their association's agreement which provides for the following:

- Normal Retirement:
  - ❖ Years of service – 22.7 years of total service in the Port which at least 20 years must be as a licensed state pilot and 3 years of deputy training counts toward the 22.7 year total.
  - ❖ Mandatory Retirement Age = Must retire at age 65
  - ❖ Minimum Retirement Age = Can retire with 23 years of service at age 55. No benefit if pilot retires before age 55.
  - ❖ Prorated Benefits:
    - o Reach age 65 without 22.7 years of service
    - o Death or disability with 10 years of service
  - ❖ Survivor Benefits:
    - o Retiree dies before receiving 10 years of retirement benefits – survivor may collect remainder of up to 10 years
    - o Retiree dies after receiving 10 years of benefits – no survivor benefit
  - ❖ Plan Benefits & Cap:
    - o 2% of gross revenue, except, may not exceed 50% of active pilot share
    - o Total benefits for all retirees may not exceed 20% of gross pilotage revenue

9. Cost of retirement and fringe benefit plans. (continued)

FCCA and PEP present extensive analysis of the unfunded retirement plan in their applications. Rather than present extensive point and counter point analysis of the applicants' assertions, the Investigative Committee presents the following information on the retirement plan:

1. Chapter 310.151(5)(b)9, *Florida Statutes* states:
   "(5)(b) The board shall also give consideration to the following factors"
   "(9) Cost of retirement and medical plans"

   The statute does not suggest any type of funded or unfunded plan; or whether or not the cost of the plan is an operating expense; or whether or not there is an industry standard for paying retirees for past service out of current pilotage revenues; or how to assign value to the current pilots' net income.

2. The pilots estimate they could have 19 to 20 living retirees in five years. Considering the 20% (or 22%) aggregate cap on total revenue, the individual retirement benefits will likely be much more than the retirees expected to receive, given approval of the requested rate increase.

3. As of 12/31/17, there are fourteen retirees receiving benefits. The youngest and oldest are 59 and 82 years old, respectively, and the average age is 70. The average life expectancy is 15.9 years.

4. Of the 17 active pilots, one has 20 years of piloting experience in the port and will be eligible for full retirement benefits in 3 years. Another 4 pilots have 18 to 19 years of experience.

5. The plan's provision for no vesting until a pilot has served 23 years or has reached age 55, significantly diminishes the valuation of the retirement benefit and the basis for the inclusion thereof in total pilot income. However, the rate of forfeiture appears to be very low.

9. Cost of retirement and fringe benefit plans. (continued)

6. There is a significant disparity between the valuation of the unfunded retirement assigned to the active pilots in prior rate investigations and amounts paid to retirees in the past two years. The total unfunded retirement benefit ($2.6 million) divided by 17 active pilots equals $153,000 per pilot. In 2001, when benefits were 12% of revenue, the Investigative Committee's valuation was estimated at $30,000. Reaching or exceeding the 20% cap on revenue indicates a higher imputed value to assign to the pilots. The total cost more than doubled from 2001 to 2017 ($915,000 to $2.6, million).

The following valuation alternatives are offered for the rate committees' consideration:

1. Total costs divided by active pilots: $153,000
2. Prior valuation ($30,000) multiplied by increased percentage of cost to revenue from 2001 to 2017 (times 1.28): $85,000
3. Valuation used in Miami Rate Investigation: $45,000
   (The same methodology and result are unchanged in Port Everglades)
4. Estimated value presented by PEP: $25,000
5. Estimated value present by FCCA: $120,000

Retired Pilots

Based upon the judgment of the pilots, along with the advice of their lawyers and accountants, only the unfunded obligation (there is no funded portion) associated with the surviving spouses have been actuarially quantified and recorded as an expense and liability on the association's books. The unfunded obligation of the consulting agreement with the pilots is considered so contingent (with respect to the provision to act in the best interests of the association) that the obligation has not been actuarially determined. There is no accrual for the future obligation associated with the consulting agreement and the expense is reported as benefits are paid, on the pilot's financial statements.

9. Cost of retirement and fringe benefit plans. (continued)

The following schedule presents the total amounts paid to retired pilots in 1990, 1998, 2007, 2013 and 2017, for the consulting agreement:

	1990	1999	2007	2013	2017
Consulting	$237,690	$767,470	$2,096,630	$2,161,793	$2,606,558
Number of retirees	3	5	10	12	15
Average per retiree	$ 79,230	$153,494	$ 209,663	$ 180,149	$ 173,770

Analysis of Valuation of Pension Plan

The valuation of the pension plan benefit is a highly judgmental issue and should be analyzed by a qualified actuary in order to determine the imputed benefit to be included in total pilot income. Recognizing a multitude of risks and uncertainty involved in the valuation of this benefit, we present the following simplified analysis for the Rate Review Board's consideration:

Analysis

1. If a retired pilot was paid $150,000 a year for 20 years, how much would he have to accumulate in a funded pension plan to pay out this benefit? **Answer:** Assuming a 6% interest factor, $1,673,700.
2. If a pilot worked 20 years, how much would have to be contributed to a funded plan for each of the twenty years worked, to accumulate $1,673,700? **Answer:** Assuming a 6% interest factor, $45,500.

The following negative and positive factors present some of the most significant variables which could have a negative or positive effect on the valuation of the pension/consulting benefit:

Negative Factors

1. If a pilot voluntarily resigns before he completes 22.7 years' service, he forfeits any future benefits. There is no vesting on a year by year basis. Benefits are pro-rated for pre-retirement, disability and death.
2. Two factors in the plan document can materially limit the annual retirement benefit:
    a. The 20% aggregate of total pilot revenue
    b. The 50% limit on active pilots' compensation
3. Many other business and economic factors could affect the future benefit, since it is not funded. Port traffic, legislative changes, and rate setting events, could have a material impact on such valuations.
4. The retiree has no residual equity in the unfunded plan. Upon death of the retired pilot or the spouse, benefits cease. Therefore, in the example of how much needs to be accumulated to pay the assumed benefits for 20 years (above), a premature death with no residual value would result in a much lower estimate.

9. Cost of retirement and fringe benefit plans. (continued)

Positive Factors

1. The pilots' income has been relatively stable over the last 18 years (as they have historically), which means that the $150,000, assumed flat benefit, may increase or decrease over time, which would understate or overstate our previous computation.
2. The analysis assumes the pilot lives only 20 years. If he lives longer, the computation is too low. If he or his widow die sooner, the computation is too high.

When you multiply our $45,500 estimate of pension valuation times the 17 active pilots, the sum is only $773,500. Whereas, the sum of the cash payments made to the retirees is $2.6 million for 2017. The difference is attributable to the committee's attempt to value a **funded** plan (which does not exist) and compare it to the benefits paid on an unfunded plan. Actuarially, the two valuations would never agree. Again, it is a matter of judgment by the Pilotage Rate Review Committee to consider 1) The Investigative Committee's valuation of a funded plan or 2) to consider the cash payments to the retirees as an indirect benefit to the active pilots.

A. Equity Valuation Payments

When a deputy pilot becomes a full pilot, he must buy an interest in the partnership (association), which is valued at the date of admission. A new pilot acquires his interest over a 100 month period. This is deducted from his otherwise full pilot's share of income each month, and is redistributed to the other active and retired pilots.

When a pilot retires, his interest is purchased by the association, based upon the same formula as someone buying in. (Fair value determined at the date of retirement paid over 100 months.) Since these transactions occur in a haphazard pattern from year to year, and amounts paid in or paid out are balanced between all pilots, the investigative committee ignores these transactions in determining individual pilot income and instead focuses on average net income per pilot.

10. Physical risks inherent in piloting

The profession of piloting carries inherent risks. Boarding a vessel is one of the most difficult and dangerous events of piloting. Since Port Everglades has the highest number of boardings in the United States, carries an even greater risk than any other port. Violent and sudden thunderstorms, as well as sustained high winds which accompany fronts, add to the difficulty of handling vessels, especially with the proliferation of recreational boaters in the area. Reduced crew size combined with the small port maneuvering room adds further risk to maneuvering and docking/undocking vessels. Even with the technological advances on today's vessels, no technology can avert the consequences of human error or take the place of the skill and judgment of the pilot. The proliferation of third world flags and the loss of experienced bridge personnel provide minimal shipboard support for the pilot.

11. Special characteristics, dangers and risks of port

The Port's entrance channel has dangerously strong cross currents, which vary in strength and direction. These currents generally run at right angles to the channel making transit hazardous and requiring the use of tractor tugs to serve as towing brakes once inside the jetties. These currents have reported to be as high as 5 knots. The sides and bottom of the channels are of unforgiving limestone with sheer sides. Large vessels are subject to strong cross winds and currents, short stopping distances and swirling currents in the inner channel and basin. Port Everglades is home to the two largest cruises ships in the world. It has a high volume of recreational vessels, as well as fishing activity in the channel area. The Ports and Waterways Safety Act report ranked port Everglades has one of the most hazardous ports in the United States due to volume of fishing and pleasure vessels, traffic density and unforgiving bottom characteristics, followed closely by the strength of currents in the area.

Lengths of various "Pilotage Waters' channels:

In the aftermath of 9/11, the federal government required that the pilots perform a security assessment on all inbound vessels. This new requirement demanded that pilots board the vessel two plus miles further offshore in order the perform the assessment, get to the bridge and position the vessel for the approach to the channel. The following is a breakdown of the various lengths of transit:

Pilot Boarding area to Sea buoy = 2+ miles
Sea buoy to Turning Basin = 2 miles
ICW to Southport Berth 33 = 1.5 miles
Dania Cut-Off Canal = 1.5 miles

Widths of various "Pilotage Waters" channels:

The project width for the Outer Channel is 500 feet narrowing to 450 as you enter the Bar Cut to the turning basin. The ICW's width is 400 feet and the Dania Cut-off Canal has from 50 to 60 feet width.

Depths of various "Pilotage Waters" channels:

Project depths for Port Everglades range from 45 feet in the Outer Bar Cut to 42 feet in the turning basin, 31 feet in the North Extension and 36 feet in the South Extension. The ICW has a depth of 42 feet with the Dania Cut-off Canal going from 12 feet at the mouth to 9 feet at Powell Brothers.

11. Special characteristics, dangers and risks of port (continued)

List of unusual hazards to navigation:

Strong, unpredictable crosscurrents, superimposed on tidal currents, exist in the Outer Channel. Very strong tidal currents prevail in the Bar Cut, ICW and turning basins, especially when excess water is released through the canals of the south Florida Flood Control District. The rocky sides and bottom of the channel and turning basin can cause extensive damage and possible pollution if a vessel becomes aground. There are three converging waterways with a sharp 105- degree turn of a narrow, rock lines channel where routine by-passings occur with strong potential hydrodynamic interaction possible. Heavy concentrations of pleasure vessels, many with unskilled operators, utilize the entrance channel area, creating tremendous traffic congestion at times. Protected and pristine corals lie along the approaches of the port.

List "Weather Related" hazards to navigation:

Northeasters tend to increase the strength and unpredictability of cross currents in the Outer Channel. Southeasters will greatly increase the difficulty of handling deep drafted vessels, especially during flooding tides. Inland heavy rains increase the strength of ebb currents, especially in the Dania Cut-off Canal, Southport and turning basin areas. Heavy swells can prevent deep drafted vessels from entering port and a strong wind-driven current can set a deep drafted vessel crossways in the Main channel area.

List limitations imposed by Association:

The Port Everglades Pilots' Association operational guidelines impose a maximum draft limitation of 42 feet for the port at high water with draft restrictions imposed by the Harbormaster for each berth. Specific guidelines exist for the Port Laudania and Powell Brothers areas as well as for vessels calling at Southport.

12. Other relevant information:

The following analyses of the original, 2014 FCCA and PEP applications are presented as supplemental information to the investigative report. It presents analysis of 2013 Port data that was provided in those applications and analyzed by the Committee. Given the pilotage rates in 2013 are still current and the 2013 traffic data is similar to 2017 data, the Investigative Committee concluded the information remains reliable, given the rate hearing may otherwise focus on the agreed-upon rates rather than the FCCA and PEP 2014, applied- for rates.

Analysis of FCCA's Requested Rate

FCCA requested a 25% discount on draft and tonnage for cruise vessels only. 47 different cruise vessels called on Port Everglades in 2013. These vessels represented 1,604 of 7,383 total handles (21.7%) and $5.45 million on pilotage revenue, or 50% of total revenue.

One, small daily cruise vessel accounted for 466 of the 1,604 handles (29%), but only produced $144,068 in pilotage revenue. This vessel's current pilotage fee is $309, which is only $34 above the current minimum fee of $275. A 25% discount for this vessel would produce a pilotage fee of only $232, which is less than the current minimum rate. This vessel skews the analyses of the other cruise vessel data that we present below; therefore, it will be excluded from our analyses. The remaining cruise handles total 1,138 and the following observations are presented:

1. Of the 46 remaining vessels, 2 vessels accounted for 210 handles (18% of total handles) and $1.7 million in pilotage fees (31% of total revenue).
2. 28 of 46 vessels are 80,000 GRT or greater, which account for $5.08 million (93%) of the $5.45 million in total cruise related pilotage revenue.
3. Data on the remaining 18 smaller vessels during 2013 is presented below:

Number of Vessels	Tonnage	Number of Handles	Total Pilotage Fees	Fee per Handle
8	50 – 70k GRT	54	$131,228	$ 2,430
7	25 – 38k GRT	56	$ 83,485	$ 1,491
3	10 – 16k GRT	12	$ 7,653	$ 638

12. Other relevant information: (continued)

4. A summary of the current cruise related pilotage fees (excluding daily cruise handles) and requested pilotage fees by FCCA and PEP are presented below:

		Total Pilotage Revenue (millions)			Differences:
Number			FCCA	PEP	PEP Higher
of Vessels	Tonnage Range	Current	Requested	Requested	than FCCA
2	> 225k	$1.702	$1.277	$1.367	$ 90,000
3	140 – 155k	$ .740	$ .554	$ .677	$123,000
3	120 – 125k	$ .401	$ .300	$ .394	$ 94,000
6	100 – 115k	$1.052	$ .789	$1.051	$262,000
6	90 – 93k	$ .410	$ .308	$ .427	$119,000
8	80 – 87k	$ .775	$ .581	$ .820	$239,000
Subtotals		$5.080	$3.809	$4.736	$927,000
8	50 – 70k	$.131	$.098	$.143	$ 45,000
7	25 – 38k	$.083	$.063	$.177	$114,000
3	10 – 16k	$.008	$.006	$.009	$ 3,000
Subtotals		$.222	$.167	$.329	$162,000
TOTALS		$5.302	$3.976	$5.065	

5. FCCA's requested decrease for cruise vessels over 80,000 GRT is $1.271 million compared to PEP's reduction of $344,000.
6. FCCA's request for rate decreases on vessels under 80,000 GRT would reduce the current fee range for the group from: $639 (lowest) to $2,430 (highest) to: $478 to $1,822. These vessels do not fit within the FCCA's profile regarding very large, technically sophisticated, and frequent calling vessels presented in its application.
7. To analyze the remaining effect of FCCA's application on the cargo vessels, the following information is presented:
    - Cruise vessel handles represent 99% of all vessel handles over 80,000 GRT. Only 54 cruise handles are between 50k and 80k GRT. Therefore, the majority of vessels under 80,000 GRT are cargo vessels.
    - 3,737 cargo vessels had handles of less than 20,000 GRT. These generated only $2.3 million in 2013 pilotage revenue – an average of $615 per handle.
    - 2,156 handles for vessels ranging from 20k to 80k GRT is presented below, along with total fees and average fee per handle. The schedule includes 110 cruise vessels within the tonnage ranges

GRT Range	Number of Handles	Total Pilotage Fees	Average Fee
20 – 30k	949	$1,243,000	$1,310
30 – 40k	558	$ 898,000	$1,609
40 – 50k	430	$ 835,000	$1,942
50 – 60k	73	$ 170,000	$2,329
60 – 70k	104	$ 286,000	$2,750
70 – 80k	42	$ 130,000	$3,095
	2,156	$3,562,000	

12. Other relevant information: (continued)

Analysis of PEP's Proposed Rates and Revenue Estimates

PEP's requested rates, which provide various layers for draft and tonnage, are estimated to increase total revenue by $1.2 million or 11%. Using 2013 handle data, PEP's application and subsequently provided data from PEP, the Investigative Committee recalculated, within 1%, the estimated increase in pilotage revenue that PEP estimates in its application on page 13, if their rate request was approved.

The proposed changes to draft would shift 2013 draft revenue from $2.34 million (21% of total revenue) to $4.0 million (34% of total revenue), an increase of $1.65 million. 2013 tonnage changes would decrease from $8.4 million (77% of total revenue) to $7.8 million (64% of total revenue), or a $600k total decrease.

Weekly feeder-size vessels of less than 18,000 GRT currently have a tonnage rate of $.0343 and PEP has requested to decrease the rate to $.0320, or a 6.7% decrease. PEP estimates the effects of this discount on total annual pilotage fees would be $10,000. Frequent caller vessels of less than 80,000 GRT, have a current tonnage rate of $.0356 and PEP has requested a 10% decrease in that rate to $.0320. Otherwise, PEP's requested decrease in the various layers of tonnage applies to vessels greater than 80,000 GRT.

The requested increase in draft changes would apply to the same group of vessels of over 80,000 GRT, and would increase their total draft charges by $913,000. Therefore, all vessels over 80,000 GRT would realize an estimated net, $313,000 increase ($913,000 - $600,000) in additional pilotage fees. These vessels represent 1,012 of the 7,383 handles in 2013, which amounts to an increase in the range of total pilotage fees per handle of $65 to $595.

12. Other relevant information: (continued)

Draft Analysis

The increase in draft charges for all vessels, for the draft ranges as presented in PEP's application (page 27), and as estimated by the Investigative Committee is presented below. The estimates were calculated using estimated mid-points for various draft ranges, to compare to PEP's estimates.

Estimated Draft Fees

Draft Range	Number of Handles	Minimum or Estimated Mid-Point Draft	At the Present Rate **	At the Requested Rates *	Total Draft Fee Increase	Average Increase in Draft per Handle
< 8' – 15'	1,266	14	$ 236,000	$ 319,000	$ 83,000	$65
16' – 20'	1,019	18	$ 245,000	$ 330,000	$ 85,000	$83
21' – 25'	1,510	23	$ 462,000	$ 764,000	$ 302,000	$200
26' – 30'	2,213	28	$ 824,000	$1,363,000	$ 539,000	$243
31' – 35'	858	33	$ 377,000	$ 821,000	$ 444,000	$517
> 35'	517	38	$ 261,000	$ 569,000	$ 308,000	$595
Investigative Committee Estimate:			$2,405,000	$4,166,000	$1,761,000	
PEP's Estimate:			$2,345,000	$3,999,000	$1,645,000	

* Requested Rates:

0 – 20 Ft	$18.00
21 – 30 Ft	$22.00
31 – 40 Ft	$29.00
> 40 Ft	$45.00

** Present Draft Rate: $13.30

The medium to large vessels that are over 20 foot draft, but less than 80,000 GRT totals 4,086 handles or 55% of the total handles. PEP requested no change in tonnage rates for this group, but a significant rate increase in draft rates, as summarized below:

Draft	Requested Rate	Number of Handles	Increase in Draft Revenue	Average Draft Increase Per Handle
21 – 25	$22.00	1,510	302,000	$200
26 – 30	$22.00	2,213	539,000	$243
31 – 35	$29.00	363	187,000	$515
Totals		4,086	$1,028,000	$251

In 2013, there were only 8 handles over 40 foot draft and all of those vessels were over 80,000 GRT.

12. Other relevant information: (continued)

Tonnage Analysis

6,371 of the 7,383 total handles in 2013 were vessels under 80,000 GRT. PEP requests no change in tonnage for those vessels except for weekly feeder and frequent caller, which would get a 6.7% to 10% discount.

The following table presents the range of tonnage charges for the various tonnage layers at the present rates and PEP's requested rates:

Number of Handles	Tonnage Range	Present – Range of Tonnage Fee	PEP Requested - Range of Tonnage Fee
3,737	0 – 20,000 GRT	$89 - $714	$89 - $714
2,156	20,000 – 80,000 GRT	$714 - $2,848	$714 - $2,848
1,012	80,000 - 130,000 GRT:		
1st Layer	0 – 80,000 GRT	$2,848 - $2,848	$2,848 - $2,848
2nd Layer	80,000 – 130,000 GRT	$ 0 - $1,715	$ 0 - $1,335
	Total (80,000-130,000 GRT)	$2,848 - $4,563	$2,848 - $4,183
345	130,000 – 225,000 GRT:		
1st Layer	0 – 80,000 GRT	$2,848 - $2,848	$2,848 - $2,848
2nd Layer	80,000 – 130,000 GRT	$1,715 - $1,715	$1,335 - $1,335
3rd Layer	130,000 – 225,000 GRT	$ 0 - $3,135	$ 0 - $1,691
	Total (130,000-225,000 GRT)	$4,563 - $7,698	$4,183 - $5,874

13. The Board may take into consideration the consumer price index or any other comparable economic indicator when fixing rates of pilotage; however, because the consumer price index or such other comparable economic indicator is primarily related to net income rather than rates, the Board shall not use it as the sole factor in fixing rates of pilotage.

The change in CPI (Exhibit 6) from June 2003 (the date of the last three step rate increase from the 2001 rate hearing) to June 2018 is 37% (189.7 versus 251.9). This matches the 37% projected revenue increase that would be generated by the agreed-upon rates.

Analyzing the change in CPI to net pilot income for the years presented on page 13, the variability of average net income by year presents inconsistent base years to compare to the current CPI. The average net income for the seven years between 1994 and 2000 is $337,400. Applying 37% increase for the CPI would produce $462,000 in net income which is less than the $412,000 2017 net income.

Ten year data from Port Everglades and PEP from 2008 through 2017 is presented below, compared to an 11.9% increase in the CPI:

	June 2008	June 2017	Percent Change (negative)
CPI (June)	218.81	244.95	+11.9%
Total Revenue	$10,641,000	$11,824,785	+11.1%
Number of Handles	9,223	8,058	- 12.6%
Revenue per Handle	$ 1,154	$ 1,467	+27.1%
Cargo			
Cargo Revenue	$ 61.7 Million	$78.3 Million	+26.9%
Tonnage	24.0 Million	25.4 Million	+ 5.8%
Revenue Per Ton	$ 2.57	$3.08	+19.8%
Cruise			
Cruise Revenue	$ 35.2 Million	$ 55.9 Million	+58.8%
Passengers	3.23 Million	3.86 Million	+19.5%
Revenue Per Passenger	$10.90	$14.48	+32.8%

Exhibit 1

Agreed Upon Rates
Miami Rates (Final Order)

The agreed upon, requested rate structure for Port Everglades is presented below:

1. The base formula for calculating pilotage rates shall be modified
   From: ((Draft Rate*Draft) + (GT Rate*GT))

   To: ((LOA Rate*LOA) + (Beam Rate*Beam) + (Draft Rate*Draft) + (GT Rate*GT))

2. The initial base rate in dollars per foot shall be:

	Vessels less than 10,000 GT	Vessels of 10,000 GT or greater
LOA Rate:	0.75000	1.00000
Beam Rate:	3.75000	5.00000
Draft Rate:	22.50000	30.00000
GT Rate:	0.01050	0.01400

   Minimum Pilotage: The following minimum charges will apply:
   LOA: 100 feet Beam: 30 feet
   Draft: 18 feet GT: 5000 GT

3. Additional Fees shall be:

   Detention of Pilot – 25% of pilotage fee per hour after the first one half hour. In no case may a delay in departure caused by a medical emergency or force majeure be considered a detention.

   Cancellation of Pilot – 25% of pilotage fee

   Late Payment Charge: 1.5% per month after 30 days from the date of invoice submission

4. The draft rate for vessels with a draft of 31 feet 0 inches or greater shall increase by 6.0% each year for 10 consecutive years starting on the anniversary date one year following the effective date of this rate.

   All other rates shall increase by 2.5% for the first 5 years followed by 2.0% for the next 5 years starting on the anniversary date one year following the effective date of this rate.

   The Miami pilotage rates are almost identical to the above rates, with the following exceptions:

   1. The tonnage (GT) rates are $0.01125 for less than 10,000 GT and $0.01500 for 10,000 GT and greater.
   2. Miami has no minimum for length (LOA) or beam, whereas PEP has 100 feet and 30 feet, respectively.
   3. PEP has no harbor control fee, whereas Miami has $ 100 per transit.
   4. Miami has a potential double pilot charge for Neo-Panamax vessels, whereas PEP has none.

APPEARANCES

Miami Rates

For Florida-Caribbean Cruise Association:
Thomas F. Panza, Esq.
Panza, Maurer & Maynard
3600 North Federal Highway, 3rd Floor
Ft. Lauderdale, Florida 33308

For Biscayne Bay Pilots Inc.:
Donna E. Blanton, Esq.
Radey Law Firm
301 South Bronough Street, Suite 200
Tallahassee, Florida 32301

DETERMINATION

Upon consideration of the proposed Settlement Stipulation in this matter and being otherwise fully advised in the premises, it is hereby ordered that the Settlement Stipulation is approved as an acceptable disposition of these proceedings.

The Committee therefore determines that the rates of pilotage at the Port of Miami shall be Modified as follows:

1. The formula for calculating pilotage rates shall be:

   (Length Rate * Length) + (Beam Rate * Beam) + (Draft Rate * Draft) + (GT Rate * GT) + Harbor Control Rate = Total Rate Charged

2. The initial rates in dollars per foot shall be:

	Vessels of less than 10,000 GT	Vessels of 10,000 GT or greater
Length Rate:	0.75000	1.00000
Beam Rate:	3.75000	5.00000
Draft Rate (min 18 ft.):	22.50000	30.00000
GT Rate (min 5,000 GT)	0.01125	0.01500

3. Harbor Control Rate: $100 per transit

4. Additional fees shall be:

   a) Detention of Pilot: 25% of pilotage fee per hour after the first one half hour. In no case may a delay in departure caused by a medical emergency or force majeure be considered a detention;

   b) Cancellation of Pilot: 25% of pilotage fee;

   c) Late Payment Charge: 1.5% per month after 30 days from date of invoice submission;

   d) Neo-Panamax Charge: At the discretion of the Biscayne Bay Pilots, an additional pilot may be assigned to any Neo-Panamax vessel calling on the Port of Miami with the commensurate result that said vessel shall be charged a double pilotage fee. In no case may any Neo-Panamax vessel be assessed more than a double pilotage fee for a single transit;

5. All other existing fees will remain unchanged.

6. The draft rate for vessels with a draft of 31.0 feet or greater shall increase by 6.0% each year for 10 years starting on the anniversary date one year following the effective date of this order.

7. All other rates shall increase by 2.0% each year for 10 years starting on the anniversary date one year following the effective date of this order.

This Final Order shall take effect upon being filed with the Clerk of the Department of Business and Professional Regulation.

DONE and ORDERED this 9th day of May, 2018.

PILOTAGE RATE REVIEW COMMITTE

David Wilkins

David Wilkins, Chairman

Exhibit 2

FCCA Response

PANZAMAURER

FORT LAUDERDALE
Coastal Towers | Suite 905
2400 East Commercial Boulevard
Fort Lauderdale, Florida 33308
(954) 390-0100 Fax (954) 390-7991

Please reply to Fort Lauderdale Office

September 17, 2018

VIA EMAIL: rlaw@lrcm.com
Richard Law
Law, Redd, Crona & Monroe, P.A.
2075 Centre Pointe Blvd, #200
Tallahassee, FL 32308

Dear Mr. Law,

Enclosed please find information submitted on behalf of the FCCA in connection with the Port Everglades rate change proceedings. The FCCA believes that much of the data and information contained in its original application remains a pertinent and accurate representation, with potentially small deviations or changes, of what occurs at Port Everglades, particularly as it relates to the complexity of the port, the pilotage rates at other ports, the characteristics of the port, the size of ships calling on port, , and similar issues.

The FCCA is also including updated data and information pertaining to cruise ships calls on Port Everglades for 2014, 2015, 2016, 2017 and 2018. The data continues to show cruise lines paying fees per call and per handle that are based on the current fee structure's disproportionate reliance on GRT, and which leads to the cruise industry paying a disproportionate share of the pilotage fees compared to other vessel lines at Port Everglades.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

THOMAS F. PANZA

Facts and Figures Regarding Pilotage Fees Paid By Cruise Lines

1. All data contained herein is calculated using the current pilotage rate at Port Everglades, vessel call data from the from the Port Everglades dock reports, provided to the Investigative Committee, and the pilotage revenue reports maintained by DBPR.

2. Excluding daily ferries from the cruise ship dataset, FCCA multi-day cruise operators are paying, on average, over $4,500 per handle and nearly $9,000 per call on Port Everglades:

Table 1: Multi-Day Cruise Pilotage Fees					
Year	2014	2015	2016	2017	2018
Fee Per Handle	$4,510	$4,659	$4,793	$3,884	$4,735
Fee Per Call	$9,020	$9,318	$9,586	$7,768	$9,470

3. Cruise lines pay increasingly higher fees as cruise ship GRT continues to grow. Large cruise ships are now paying anywhere from around $11,400 to $16,300 for a single call on Port Everglades. This is due to the heavy emphasis and disproportional reliance on use of GRT in the current rate formula. The per handle GRT fee for larger cruise ships ranges from around $8,000 to over $15,000 per call:

Table 2: Cruise Ship GRT as Percentage of Total Fee							
Cruise Ship	Carnival Splendor	Celebrity Reflection	Regal Princess	Disney Fantasy	Navigator of the Seas	Independ. of the Seas	Harmony of the Seas
GRT	113,323	125,366	142,714	129,750	139,750	154,407	226,963
GRT Fee Per Call	$7,980	$8,808	$9,964	$9,108	$9,756	$10,736	$15,524
Total Fee Per Call (draft + GRT)	$8,700	$9,553	$10,709	$9,287	$10,502	$11,481	$16,194
GRT Fee as % of Total Fee	92%	92%	93%	93%	93%	94%	96%

The draft fee at Port Everglades is negligible compared to the GRT fee imposed on cruise lines. The reliance on GRT as essentially the sole factor in determining the pilotage rates for these vessels bears little rational relationship to what is a reasonable and just pilotage fee, or the complexity or difficulty of navigating cruise ships as compared to other larger or smaller cargo or container ships.

For example, numerous containerships have called on Port Everglades in 2018 which have a length of around 1,000 feet, a draft of 40 feet, and a GRT of around 75,000. The length is comparable to large cruise vessels, the draft is significantly larger than most cruise lines which rarely are over 30 feet (and thus presents a greater danger to the port than the cruise lines), yet the GRT is one-half or one-third of the larger cruise lines. A containership of this size would pay around $6,400 per call in pilotage fees, whereas a cruise ships of approximately the same length and much smaller draft will pay a significantly larger pilotage fee - of $10,000 to $15,000 per call - solely based on the larger GRT.

a. For vessels with smaller GRTs, the draft fee is not as negligible and may represent a more proportional share of the vessel's fee. Thus, historically, when vessels had much smaller GRTs, the current fee structure was more logical. Given the significant increase in vessel GRT in just the past 5 to 10 years, the current formula of draft and (primarily) GRT at Port Everglades is no longer a logical, fair, just, or reasonable methodology.

b. From January 1 – August 31, 2018, cruise vessels over 110,000 GRT accounted for $2,658,078 of the $3,532,383 (75%) in pilotage fees paid by multi-day cruise vessels. These vessels accounted for 456 of the 746 (61%) handles performed for multi-day cruise vessels. The $2.65 million paid in just the first 8 months of 2018 is likely to represent nearly 25% of all pilotage fees paid in 2018, while 546 handles is likely to represent less than 10% of all handles performed in 2018.

c. Vessels exceeding 100,000 GRT were not common just 10 to fifteen years ago, and ships exceeding 140,000 GRT were just being introduced into the cruise market as being the largest in the world. At Port Everglades in the first 8 months of 2018, many cruise operators have utilized numerous cruise ships far exceeding 100,000 GRT, vessels over 140,000 GRT have already paid over $1.8 million in pilotage fees, and vessels over 200,000 GRT have paid over $1.1 million in pilotage fees. The current draft and GRT structure at Port Everglades simply does not account for changes in the maritime industry.

d. The cargo industry has also experienced massive change during this timeframe, with the post-Panamax vessels now calling on Port Everglades and containership sizes continuing to grow. While container and cargo ships of this size may have a deeper draft, more weight, the same length, and potentially present far greater risk or difficulty in navigation than sophisticated cruise ships, these vessels still pay significantly smaller pilotage fees than large cruise ships solely to the fact that containerships do not have enclosed space above board, resulting in a much lower GRT.

e. Thus, while both the cruise and cargo industry have experienced significant modernization and growth over the past 10 to 15 years, the cruise ship industry has seen a disproportional growth in its fees based on the fee structures heavy reliance on GRT.

4. Through July of 2018, the pilots had received $7,867,998 in total revenues.[1] The $3.532 million in fees paid by the cruise lines through August is likely to represent at least 40% of all revenues the pilots receive through August, once August revenues are reported. The $2.6 million paid by vessels over 110,000 GRT alone is likely representative of at least 30 percent of all revenues through August once reported.

[1] Data provided by DBPR was only through July of 2018 as of the date of this submission.

5. The cruise industry (single and multi-day cruises) consistently pays more than half of the pilotage fees at Port Everglades, but accounts for well less than half of the pilotage workload, even when accounting for the high volume single-day cruise entities. Based on a monthly average ($456,153) of total fees paid by cruise lines through August 31, 2018 ($3,649,225), the cruise industry is on track to pay at least $5,473,837. Based on the monthly average (137.75) of handles through August 31, 2018, the cruise industry is on track to have 1,653 handles in 2018.

   This $5.473 million in fees and 1,653 in handles would be consistent with data from 2011 through 2017, where the cruise industry regularly paid from $4.7 million to $6.3 million in pilotage fees, and accounted for 1,502 to 1,744 handles. The average fees paid from 2011 through 2017 (excluding 2018 as only a partial year) is $5.62 million, and the average handles per year is 1,706.

Table 3: Cruise Ship Pilotage Fees and Handles

Year	2011	2012	2013	2014	2015	2016	2017	2018 (1/1-8/31)
Total Fees	$5.87m	$5.69m	$5.25m	$6.38m	$5.76m	$5.66m	$4.76m	$3.69m
Total Handles	1,744	1,698	1,502	1,888	1,694	1,720	1,702	1,102

Historically, $5.6 million in fees would approximately 50% of all pilotage fees paid in a given year, and around 1,700 handles would account for around 21 to 23% of total piloting handles. Because of the disproportionate reliance of GRT in the current Port Everglades rate structure, cruise lines continue to pay a significantly higher share of pilotage fees despite typically being less than 25% of all piloting workload.

From January 1 to August 31, 2018, vessels over 100,000 GRT (which are all cruise vessels) accounted for 482 of the 5,766 calls (8.3%) to date. As noted above, these vessels already account for $2.68 million in fees paid in 2018, which is likely to be around 25% of all fees paid in 2018 (since 2014, Port Everglades revenues have been around $11.2 to $11.8 million annually). Vessels under 10,000 GRT (which are almost exclusively cargo, with the exception of some daily cruise ships) account for 2,746 of the 5,766 calls (47.6%) through August 31, 2018. Despite accounting for 39% more handles than vessels over 100,000 GRT, the FCCA has reason to believe – based on past investigative reports from other ports – that the total fees paid by vessels under 10,000 GRT through August 31 is likely significantly less than the $2.68 million paid by cruise vessels over 100,000 GRT, and will not be even remotely proportional to the amount or complexity of work associated with piloting such vessels under 10,000 GRT.

In 2017, 4,030 of 8,134 approximate handles (per the 2017 dock report) were for vessels under 10,000 GRT, or just over 50% of all handles. The approximate median GRT for these vessels is 3,933. Using a minimum draft of 14 feet and a GRT of 3,933, the current fee for such a vessel at Port Everglades would be $326, or $652 per call. A vessel this size would have to be handled 13 to 25 times to equal the same fee as a single handle for those vessels in Table 2. To achieve the

approximately $5.6 million in pilotage fees cruise lines routinely pay annually, a vessel of 3,933 GRT would have to be handled 17,177 times, compared to the 1,700 times cruise ships are handled to create the $5.6 million in pilotage fees.

Exhibit 3

Crowley / King Ocean Response

Richard Law

From: Cohen, Jordan S. <JCohen@wickersmith.com>
Sent: Tuesday, October 9, 2018 4:26 PM
To: Richard Law
Cc: clark.jennings@myfloridalegal.com; Arthur, Ethan; Lo, King T.
Subject: Port Everglades Rate Proceeding
Attachments: Exhibit 3.pdf; Exhibit 4.pdf; Exhibit 5.pdf; Exhibit 6.pdf; Exhibit 1.pdf; Exhibit 2.pdf

Richard,

The formatting of the companion brief is almost done but I wanted to get you our exhibits as soon as they were ready given your current situation with the weather.

The attached exhibits are:

1. The summary of new rates being proposed by FCCA and the Pilots
2. PortMiami Settlement Summary Illustration including "Fort Lauderdale Proposed" rates column
3. List of Crowley vessels that call on PEV
4. Crowley calculations comparing the rates for vessels (partial) – FCCA Application, Pilots Application, new proposal
5. Crowley calculations comparing existing rates and new proposal
6. King Ocean calculations comparing existing rates and new proposal

The supporting brief with comments should be served shortly.

Thank you for your time and attention to this important matter. Stay safe.

Best,

Jordan

Jordan Cohen | Attorney at Law

WICKER SMITH
ATTORNEYS AT LAW

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Port Everglades Pilots Rates
Proposed rates

Assuming rate increases per vessel GRT, includes Inbound and outbound per call.

GRT	Annual calls	Total costs Actual Rates	Total costs Proposed Rates	Total increase	%
7,219	51	$ 54,702.23	$ 113,322.97	$ 58,620.74	**107%**
8,246	178	$ 203,937.31	$ 418,774.55	$ 214,837.24	**105%**
8,273	36	$ 43,230.15	$ 88,496.39	$ 45,266.23	**105%**
8,280	52	$ 56,936.67	$ 117,695.76	$ 60,759.09	**107%**
9,957	17	$ 22,452.55	$ 43,232.65	$ 20,780.10	**93%**
9,981	4	$ 5,289.79	$ 9,946.40	$ 4,656.62	**88%**
12,029	23	$ 34,381.89	$ 82,312.68	$ 47,930.79	**139%**
15,375	53	$ 94,673.90	$ 206,726.50	$ 112,052.60	**118%**
414		**$ 515,604.50**	**$ 1,080,507.89**	$ 564,903.40	**<<< Minimum Annual Impact**

$ 147,970.78 <<< Minimum 2018 Impact if effective 10/1/2018

GRT	Avg Draft	LOA	Beam
7,219	21	435	63
8,246	21	458	73
8,273	23	458	75
8,280	19	458	73
9,957	23	486	76
9,981	23	458	74
12,029	24	516	77
15,375	26	545	82

Actual rates

0 to 20 Feet	First 80,000 GRT	Next 50,000 GRT (80,000- 130,000 GRT)	(Draft rate * draft) + (GT rate * GT)
Draft Rate	GRT Rate	GRT Rate	Inbound/ Outbound
$ 13.30	$ 0.0356	$ 0.0343	Total
279.30	257.00		1,072.59
279.30	293.56		1,145.72
305.90	294.52		1,200.84
252.70	294.77		1,094.94
305.90	354.47		1,320.74
305.90	355.32		1,322.45
319.20	428.23		1,494.86
345.80	547.35		1,786.30

Proposed rates
((LOA rate * LOA)+ (Beam rate * Beam)+ (Draft rate * Draft)+(GT rate * GT))

Vessel less than 10,000 GRT				Vessel standard rate				Inbound/ Outbound	Incr per call	
Draft Rate	GRT Rate	LOA	Beam	Draft Rate	GRT Rate	LOA	Beam	Total	SB/ NB	%
22.5000	0.0105	0.7500	3.7500					2,222.02	1,149.43	**107%**
22.5000	0.0105	0.7500	3.7500					2,352.67	1,206.95	**105%**
22.5000	0.0105	0.7500	3.7500					2,458.23	1,257.40	**105%**
22.5000	0.0105	0.7500	3.7500					2,263.38	1,168.44	**107%**
22.5000	0.0105	0.7500	3.7500					2,543.10	1,222.36	**93%**
22.5000	0.0105	0.7500	3.7500					2,486.60	1,164.15	**88%**
				30.0000	0.0140	1.0000	5.0000	3,578.81	2,083.95	**139%**
				30.0000	0.0140	1.0000	5.0000	3,900.50	2,114.20	**118%**

Vessel	GRT	Draft	LOA	Beam
Regula	7,219	21	435.33	63
Pavo J	8,246	20	458.00	72
Paradero	8,246	22	458.00	73
K- Breeze	8,246	21	458.00	73
K- Storm	8,246	22	458.00	73
Tucana J	8,246	21	458.00	73
Pegasus J	8,273	23	458.00	75
Deneb J	8,280	19	458.00	73
Vega Sachsen	9,957	23	485.56	76
Lena	9,981	23	457.50	74
Weisshorn	12,029	24	515.52	77
AS Fiorella	15,375	24	545.11	82
AS Federica	15,375	25	545.11	82
AS Fabrizia	15,375	24	545.11	82
Wharnow Whale	15,375	29	545.11	82

Draft Rate	GRT Rate	GRT Rate	Total *
279.30	257.00		536.30
266.00		282.84	548.84
292.60	293.56		586.16
279.30		282.84	562.14
292.60	293.56		586.16
279.30	293.56		572.86
305.90		283.76	589.66
252.70	294.77		547.47
305.90	354.47		660.37
305.90	355.32		661.22
319.20	428.23		747.43
319.20	547.35		866.55
332.50	547.35		879.85
319.20	547.35		866.55
385.70	547.35		933.05

** validated with invoice**

EXHIBIT 5

Vessel	GRT	Draft Max	LOA	Beam
Ipanema	21018	35.10	589.57	90.55
San Andres	21000	35.10	589.60	90.55
Delphinus	5730	22.47	399.64	63.12
Green Fast	5522	24.74	387.14	63.64
Planet V	4984	23.13	381.89	63.00
Jan Carib	2770	16.47	310.00	52.17
Charlotte	2035	14.10	295.28	45.11
Varamo	15375	31.17	545.11	82.02
Vega Luna	9940	28.87	485.56	76.28
Vega Sagittarius	9957	28.87	456.36	74.15
Hoheriff	9981	28.90	456.40	74.20
Hohebank	9996	28.90	456.40	74.20

Actual rates

0 to 20 Feet	First 80,000 GRT	Next 50,000 GRT (80,000- 130,000 GRT)	(Draft rate * draft) + (GT rate * GT)
Draft Rate	GRT Rate	GRT Rate	Inbound/ Outbound
$ 13.30	$ 0.0356	$ 0.0343	Total
466.83	748.24		2,430.14
466.83	747.60		2,428.86
298.85	203.99		1,005.68
329.04	196.58		1,051.25
307.63	177.43		970.12
219.05	98.61		635.33
187.53	72.45		519.95
414.56	547.35		1,923.82
383.97	353.86		1,475.67
383.97	354.47		1,476.88
384.37	355.32		1,479.39
384.37	355.86		1,480.46

Proposed rates
((LOA rate * LOA)+ (Beam rate * Beam)+ (Draft rate * Draft)+(GT rate * GT))

Vessel less than 10,000 GRT				Vessel standard rate				Inbound/ Outbound	Incr per call	
Draft Rate	GRT Rate	LOA	Beam	Draft Rate	GRT Rate	LOA	Beam	Total	SB/ NB	%
				30.0000	0.0140	1.0000	5.0000	4,779.14	2,349.00	97%
				30.0000	0.0140	1.0000	5.0000	4,778.70	2,349.84	97%
22.5000	0.0105	0.7500	3.7500					2,204.34	1,198.66	119%
22.5000	0.0105	0.7500	3.7500					2,287.27	1,236.02	118%
22.5000	0.0105	0.7500	3.7500					2,190.85	1,220.73	126%
22.5000	0.0105	0.7500	3.7500					1,655.60	1,020.27	161%
22.5000	0.0105	0.7500	3.7500					1,458.48	938.53	181%
				30.0000	0.0140	1.0000	5.0000	4,211.12	2,287.30	119%
22.5000	0.0105	0.7500	3.7500					2,808.33	1,332.66	90%
22.5000	0.0105	0.7500	3.7500					2,748.91	1,272.03	86%
22.5000	0.0105	0.7500	3.7500					2,751.20	1,271.81	86%
22.5000	0.0105	0.7500	3.7500					2,751.52	1,271.06	86%

EXHIBIT 6

						FCCA Original				Pilot original				New Agreement		
	GRT	Draft	LOA	beam	Pilots as per internet (0343/gt and 13.3/ft)	less than 18 (.032/gt and 18/ft)			more than 18 (.032/gt and 22/ft)				New proposed		
RW850	8246	20.5	459.2	73.03	555.4878	632.872	77.3842	13.93%	714.872	159.3842	28.69%		1166.096	610.6077	109.92%
Lena	9981	24.5	457.5	74.3	668.1983	760.392	92.1937	13.80%	858.392	190.1937	28.46%		1277.801	609.6022	91.23%
1300	15375	26.25	546.6	82.2	876.4875	964.5	88.0125	10.04%	1069.5	193.0125	22.02%		1468.41	591.9225	67.53%

EXHIBIT 4

CROWLEY®
People Who Know®

September 19, 2018

Board of Pilot Commissioners
Port Everglades Pilotage Rates Proceeding
2601 Blair Stone Road
Tallahassee, Florida 32399-0773

Attention: Ms. Anne W. Ahrendt

Dear Board of Commissioners:

Crowley Liner Services, Inc. and its affiliates Crowley Latin America Services, LLC and Crowley Caribbean Services, LLC operate eight container vessels in and out of its terminal at Southport, Port Everglades. In 2017 Crowley had 384 vessel calls at Port Everglades and Crowley expects to have approximately 414 calls in 2018. All our vessels use pilots. We are characterized by the pilots and the PEV Pilotage Board as a feeder sized, frequent call vessel operator. The impact of the Board's proposed change to the pilotage rate formula means an average increase of 108% over current rates for Crowley vessels. The per vessel increase would range from 88% to 139%. The annual impact to Crowley is estimated to be approximately $560,000.00 (108% increase). Attached is an exhibit which sets out (a) Crowley vessel specifications, including gross registered tons, average draft, LOA, and beam of each vessel; (b) current rates based on draft and FRT; (c) proposed rates under the Pilotage Board proposal; and (d) the per vessel increase per call and percentage of the increase. Crowley believes such an exorbitant increase is unjustified, unfair, arbitrary and capricious, and strongly urges the Board to adjust its proposal regarding feeder sized high frequency vessels.

The proposed rate formula change would result in a decrease in pilotage rates for large cruise ships, large container ships and large car carriers, while small feeder sized vessels with high volume of calls like Crowley face these huge increases. It would hit Crowley and operators such as King Ocean, Seacor, and Hyde Shipping very hard. If the Board believes that large cruise ships and other large vessels are being overcharged under the current rate structure, this does not mean that a reduction in their rates should be made up for by huge increases for small, high call frequency operators like Crowley. Cargo operators such as Crowley perform an essential service to the consumer public and its service affects every consumer. Cruise lines are in the leisure industry and affect only discretionary consumer spending. The Board should be sensitive to and take this into account. Pilotage is an essential and required service. The Pilotage Board serves the Port Everglades Port Authority's interest and mandate to remain competitive and fair for all its customers, and to serve the public interest. If the Board believes that cruise lines have been overcharged in a way that justifies a large rate decrease, it does not mean that cargo operators like Crowley have been undercharged and should make up the difference. The current rates for our feeder size, high frequency vessels are fair for the pilot service provided and should not be increased. The number of Crowley calls has increased over the last several years, but Crowley will be paying disproportionately more per call in pilotage rates under the proposal.

The underlying question is the cost structure for the pilots themselves at Port Everglades. The Board should focus on that and the facts around that as part of the rate making process. If PEV pilots compare themselves and their rates to other ports, it should be taken into account that the run for pilots at Port Everglades is the shortest and easiest anywhere on the East and Gulf Coasts, meaning much lower costs and expenses for them, and higher salaries and benefits. Transit times and degree of difficulty are low in Port Everglades, about one hour or less. There is no river traffic and river currents to contend with or to slow them down. Already with the current rates in effect for large ships, there has been more revenue for the pilots. The large cargo vessels call less frequently but the pilots get more fees per call. With the giant cruise ships, not only do the pilots get larger fees per call based on size, but pilots get more and more cruise ship calls as the Port Everglades cruise terminal expands. Overall the pilots continue to increase their revenue with fewer assignments, and more revenue from higher rates for feeder size high frequency vessels is not needed. Given the revenue increases and the cost advantages the PEV pilots enjoy, there is no reason why small feeder size high frequency operators should have to make up for lower rates for giant cruise ships and containerships. That approach would be unjustified and arbitrary, particularly to the extent of an exorbitant increase of 108% all at once. As the pilots continue to make more revenue, does the Board's proposal take into account the pilots's expanding business with mega cruise ships and the revenues they take from that? And how is a rate reduction for the cruise industry justified on the backs of small feeder sized operators with high call volumes who pay for every call multiple times per week? This smacks of discrimination and unfairness, raising issues of arbitrary and capricious regulatory action and unfair port practices under the U.S. Federal Maritime Commission enforced Shipping Act. These are all questions we think the Board needs to address. A decrease for one vessel sector should not severely penalize an unrelated sector. If the Board believes a rate formula change is justified, it should demonstrate why and not allow one sector to face a punishing 108% increase while reducing rates for another. For example, under the proposal, rates for Symphony of the Seas, a mega cruise ship, would drop from $8000.00 per trip to $6000.00 per trip, great revenue for a pilot. But Crowley would face an average increase of $1420.00 per trip.

If the pilots complain that they have not had a rate increase in 18 years, the reason is they have not needed one. With the expanding mix of vessel calls at PEV, the tremendous expansion of its terminals, the significant increase in size of vessels, and the significant growth in vessel calls, all effectively have provided the pilots with significant revenue growth. Even if you accept rate increases are warranted based on inflation, which is not the case, the increase in inflation from 2000 to 2018 in the aggregate is 49.2%. The 108% increase for Crowley is obviously way out of line with inflation, and indeed has no relation to inflation. But as we have said, pilot revenues have already increased well beyond inflation based on these other factors. We suggest that the Board consider the inflation rate as the maximum annual rate of increase going forward. Crowley's message is that if the Board wants to reduce pilotage rates for mega cruise ship and large cargo vessels, do not change Crowley's rates, and do not change them more than the rate of inflation. Moreover, we seriously doubt that even an adjustment for inflation is justified by the cost structure and revenue intake of the pilots.

Crowley understands that, interestingly, similar increases and changes in pilotage rates at the port of Miami are being litigated. Crowley certainly understands why litigation is a viable option if arbitrary and capricious increases of 108% are at stake.
Crowley Liner Services, Inc.

By: Steve Collar
Senior Vice President and General Manager

cc: Clark Jennings, Committee Attorney

PORT EVERGLADES FLORIDA
PILOTAGE RATE INCREASE IMPACT ANALYSIS

Current rates

0 to 20 Feet	First 80,000 GRT	Next 50,000 GRT (80,000-130,000 GRT)	(Draft rate * draft) + (GT rate * GT)
Draft Rate	GRT Rate	GRT Rate	Inbound/ Outbound
$ 13.30	$ 0.0356	$ 0.0343	Total
279.30	257.00		1,072.59
279.30	293.56		1,145.72
305.90	294.52		1,200.84
252.70	294.77		1,094.94
305.90	354.47		1,320.74
305.90	355.32		1,322.45
319.20	428.23		1,494.86
345.80	547.35		1,786.30

Proposed rates
((LOA rate * LOA)+ (Beam rate * Beam)+ (Draft rate * Draft)+(GT rate * GT))

Vessel less than 10,000 GRT				Vessel standard rate				Inbound/ Outbound
Draft Rate	GRT Rate	LOA	Beam	Draft Rate	GRT Rate	LOA	Beam	Total
22.5000	0.0105	0.7500	3.7500					2,222.02
22.5000	0.0105	0.7500	3.7500					2,352.67
22.5000	0.0105	0.7500	3.7500					2,458.23
22.5000	0.0105	0.7500	3.7500					2,263.38
22.5000	0.0105	0.7500	3.7500					2,543.10
22.5000	0.0105	0.7500	3.7500					2,486.60
				30.0000	0.0140	1.0000	5.0000	3,578.81
				30.0000	0.0140	1.0000	5.0000	3,900.50

Increase per call	
Amount	%
$ 1,149.43	**107%**
$ 1,206.95	**105%**
$ 1,257.40	**105%**
$ 1,168.44	**107%**
$ 1,222.36	**93%**
$ 1,164.15	**88%**
$ 2,083.95	**139%**
$ 2,114.20	**118%**

ed on the actual vessel specifications for Crowley vessels that call at Port Everglades, FL. The analysis compares the current rates versus the new proposed rates.

the cost per Crowley vessel call betwen 88% and 139%.

ey's mix of vessels, is estimated to be an increase in costs of approximately $560K (110%) to Crowley at Port Everglades, FL.

nths has been 2.95%. (Per the July 2018 BLS CPI for All Urban Consumers (CPI-U) U.S. City average series for all items, not seasonally adjusted)

ars has been approximately 49.29%. (Per the July 2018 versus January 2000 BLS CPI for All Urban Consumers (CPI-U) U.S. City average series for all items, not seasonally adjusted)

Exhibit 4

Pilot Compensation Data

BOLES LAW FIRM – BATON ROUGE, LLC

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WILLIAM B. KIRTLAND
bkirtland@jboleslaw.com

March 15, 2018

Larry McNutt, Jr., Administrator
Louisiana Pilotage Fee Commission
Two United Plaza, Suite 702
Baton Rouge, Louisiana 70809

RE: Louisiana Pilotage Fee Commission Docket No. P-13-001
Filing of Pilots' 1099 Income Distribution Disclosure –
Year ended December 31, 2017
New Orleans-Baton Rouge Steamship Pilots Association
BLF File No. 5361

Dear Mr. McNutt:

Pursuant to Louisiana Pilotage Fee Commission ("Fee Commission") Order P-13-001 issued on November 14, 2013, please find attached for filing the New Orleans-Baton Rouge Steamship Pilots Association's pilots' 1099 income distribution disclosure for the year ended December 31, 2017.

With every good wish, I am,

Sincerely,

Janet S. Boles
William B. Kirtland

WBK
Enclosure

cc: Captain Stephen Hathorn
Captain Louis M. Wattigney, Jr.
Captain Johnny D. Doyle
Art Lentini, Esquire
Kevin Neyrey, CPA
Dennis Tizzard, CPA

New Orleans-Baton Rouge Steamship Pilots Association
Year 2017
1099 Pilot Shares

1	686,886.77	40	598,251.93	78	640,095.88
2	658,839.44	41	632,275.43	79	556,216.10
3	170,135.04	42	630,698.36	80	633,535.15
4	685,873.26	43	728,229.73	81	647,368.87
5	517,638.47	44	559,620.56	82	735,031.38
6	637,013.10	45	628,520.44	83	644,966.00
7	507,007.57	46	637,479.25	84	586,499.84
8	725,977.26	47	734,295.18	85	646,640.94
9	680,878.49	48	633,910.27	86	636,841.23
10	616,433.45	49	633,904.99	87	737,105.90
11	529,192.14	50	632,948.91	88	615,819.12
12	641,712.41	51	641,694.67	89	632,878.61
13	617,489.89	52	632,922.27	90	588,956.43
14	664,787.58	53	607,021.97	91	732,687.85
15	707,610.67	54	669,317.24	92	621,444.74
16	645,901.64	55	626,717.39	93	633,840.03
17	676,212.70	56	574,271.16	94	615,389.33
18	665,191.02	57	702,143.84	95	710,440.65
19	632,922.27	58	686,571.21	96	611,752.62
20	637,278.23	59	657,046.87	97	698,877.57
21	636,680.85	60	616,884.99	98	616,767.05
22	659,091.32	61	631,231.41	99	630,716.52
23	652,338.76	62	730,614.19	100	610,591.47
24	556,954.81	63	629,284.83	101	675,952.52
25	758,922.65	64	672,647.95	102	628,449.98
26	671,908.41	65	628,834.46	103	589,405.60
27	532,257.90	66	649,877.78	104	637,271.56
28	564,871.62	67	585,369.64	105	614,662.90
29	628,921.38	68	727,561.78	106	681,551.64
30	639,956.08	69	659,382.24	107	614,703.64
31	707,298.61	70	634,050.77	108	671,397.01
32	629,097.09	71	645,900.46	109	596,482.28
33	641,047.90	72	604,203.75	110	683,176.78
34	643,651.12	73	619,196.53	111	616,921.92
35	647,986.34	74	648,485.86	112	718,883.65
36	644,091.32	75	496,365.80	113	644,530.58
37	689,851.82	76	583,097.66	114	490,203.27
38	646,290.74	77	419,590.99	115	550,155.72
39	741,859.09				

Tabulation of Net Income Presented in Descending Order

	NET INCOME	NO. OF PILOTS	TOTAL NET INCOME	Order	Pct of Average	BASIS
Sabine River, TX	687,112	29.0	19,926,250	13	137%	2015DMA Model
Houston Pilots, TX	631,356	84.0	53,033,934	14	126%	2016DMA Model
Savannah, GA	630,395	20.0	12,607,897	2	126%	2016DMAModel
New Orleans-Baton Rouge, LA	592,470	118.0	69,911,460	9	119%	2016Filed with LA Pilot Fee Comm.
Galveston-Texas City, TX	*565,784*	16.0	9,052,552	15	113%	2016DMA
Crescent River Port Pilots, LA	556,734	110.0	61,240,740	10	111%	2016Filed with LA Pilot Fee Comm.
Associated Branch Pilots, LA	524,809	46.0	24,141,214	11	105%	2016Filed with LA Pilot Fee Comm.
Charleston, SC	504,179	20.0	10,083,580	1	101%	2016DMAModel
Freeport, TX - Brazos	***446,576***	4.0	1,786,304	16	89%	2016Filing to Form 990 PC
Mobile Bar, AL	***445,841***	12.0	5,350,089	7	89%	2016DMA Model
San Francisco, CA	***434,237***	58.0	25,185,734	21	87%	2014StateofCal
Columbia River Pilots, OR	429,500	43.0	18,468,500	23	86%	2015FinStmt
Lake Charles Pilots, LA	421,069	16.0	6,737,104	12	84%	2016Filed with LA Pilot Fee Comm.
Los Angeles, CA	***419,441***	12.0	5,033,287	20	84%	2016DMAModel and Intvw
Grays Harbor, WA	400,269	2.0	800,538	24	80%	2015Report by WA Transp Dept
Long Beach, CA	390,000	17.0	6,630,000	19	78%	2015CEO
Columbia River Bar Pilots, OR	***386,258***	16.0	6,180,134	22	77%	2015FinStmt/CEO
St John Bar Pilots FL	385,000	14.0	5,390,000	3	77%	2016FinStmt/PreAudit
Hawaii Pilots, HI	383,548	10.0	3,835,484	18	77%	2016FinStmt/CEO
Corpus Christi, TX	364,000	16.0	5,824,000	17	73%	2015DMA
Puget Sound, WA	350,000	52.5	$ 18,375,000	25	70%	2014FinStmt
Port Everglades, FL	335,000	18.0	6,030,000	4	67%	2016FinStmt/MggPilot/PreAudit
Tampa Bay, FL	328,852	20.0	6,577,040	6	66%	2016FinStmt/MggPilot
Miami, FL - Biscayne Bay	282,900	18.0	5,092,200	5	57%	2016FinStmt/MggPilot
Pascagoula, MS	***263,497***	7.0	1,844,476	8	53%	2016DMA Model
Total and/or Average of All	**$ 499,856**	**778.5**	**389,137,517**		100%	

Net income is weighted average

Note: Italicized Net Revenue denotes self-employment deductions and with any tax credits made

Source: Dibner Maritime Associates analysis, review of documents, and interviews

Dibner Maritime Associates LLC © 2017

Before the Investigative Committee
of the
Rate Review Committee
April 4, 2017

Comments on behalf of the
International Organization of Masters, Mates and Pilots
on the
FCCA and Biscayne Bay Pilots Association
Applications for a Change in Rates of Pilotage
by
Captain George A. Quick, Vice President, MM&P

My name is George A. Quick. For the record I am the vice president of the International Organization of Masters, Mates and Pilots. Our organization represents the masters and deck officers on U.S. flag ships and State pilots in all the major ports throughout the United States. I head the Pilot Membership Group of that organization and as part of my duties I monitor pilotage rates and regulations in the various States. As a result of representing State pilots on a national level I am familiar with the conditions and standards that prevail in pilotage throughout the United States, including compensation, retirement programs and working conditions. In the past I represented the International Maritime Pilots Association at the International Maritime Organization. That is the London based United Nations organization that regulates international shipping. So, I am also generally familiar with the international standards and regulations the apply to pilots and shipping on a global basis. As our organization also represents ship captains and navigating officers' I am familiar with the compensation, pension plans and working conditions of officers on U.S. flag vessels.

As this is a rehearing of the 2014 application of the FCCA for a reduction in pilotage rates I assume that the comments I submitted on May 27, 2014 are still part of the record. The BBPA have subsequently submitted an application for an increase in

pilotage rates and attached my comments from 2014 as part of that application. Those comments are still valid with the exception that it is anticipated that pilot compensation in other areas over the last three years has increased.

As the current hearing has the additional issue of a rate increase and more information is now available than at the last hearing, I offer these updated and amended comments for consideration.

There are basically four issues before the Committee;

1. The distribution of the costs of maintaining a port safety system over the users on a fair and equitable basis.
2. The prevailing comparable compensation for pilots'.
3. An appropriate complement or staffing level and workload for pilots.
4. An appropriate retirement program and how is it accounted for as a benefit and as an expense item.

Distribution of costs

Historically pilotage charges have always been based on the potential earning capacity or productivity of the ship. In the past pilotage charges were based on the draft or how deep the ship was in the water. This was a rough estimation of how much cargo it was carrying. As ship building technology advanced and ships increased dramatically in size with little increase in draft it became apparent that draft no longer represented productivity and pilotage authorities throughout the U.S., and worldwide, have changed to either Gross Tonnage or other formulas that measure the cubic volume of a ship as the basis for pilotage charges. It should be noted that Gross Tonnage is not a measurement of weight, but a measurement of cubic volume with 100 cubic feet equivalent to one gross ton. The current tonnage measurement rules became effective for all ships in 1994 and were adopted for the very purpose of determining a ships carrying capacity or productivity for the function of calculating port dues and charges.

It should be recognized that pilotage is not just a commercial service to the individual ship, but a public safety service. As a matter of public policy it is in the interest of the public to have a pilot on all ships, large or small, that may be a threat to other ships as well as to the port facilities and the marine environment. Basing pilotage charges on tonnage brings the smaller low tonnage ship with low earning potential into the pilotage system at a charge commensurate with their ability to pay. As pointed out in the 2014 Investigative Report regardless of their category as a cruise or cargo ship, larger than average ships subsidize the cost of piloting smaller than average ships in all ports. This has been accepted nationally and internationally as a fair, just and reasonable distribution of the costs of maintaining a public safety service over the users. It ensures that small ships can afford to have a pilot onboard to protect not only themselves but all ship traffic in the port and the port's facilities. It is also universally accepted in the industry as the normal basis for assessing nearly all port fees and charges.

The 2014 Investigative Report also correctly concluded that a rate reduction for all cruise vessels regardless of size presents some disparities when compared to cargo vessels. Not all high tonnage ships are cruise ships and not all lower tonnage ships are cargo ships. Discriminating with lower charges for cruise ships of the same size as cargo ships is an unfair shifting of the costs of maintaining the pilotage system to the cargo ship sector of the industry. If cruise ships are to be granted an exception it will unfairly shift the costs of maintaining an equivalent level of service to the cargo sector. The cargo sector of the industry is now severely depressed as a result of a down turn in the global economy that has depressed international trade. This is in striking contrast to the cruise industry. The 10 cruise line brands within the Carnival Corporation are operating at an astounding occupancy rate of 105.9%[1] with 2016 net profits of $2.6 billion[2] - $500 million higher than 2015 and more than double the 2013 profits.

There is absolutely no basis for discriminating in pilotage rates between cruise ships and cargo ships. The argument that cruise ships should pay an

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1 Carnival Corporation Annual Report, 2016, Pg. 70

2 Carnival Corporation Annual Report, 2016, Pg. 2

arbitrary 25% less because they are generally of a higher average tonnage than cargo ships is not supported by any reasonable rationale. Each ship should pay its fair share of supporting a harbor safety system in Miami that protects all ships, the port facilities and the public in proportion to its size as measured by Gross Tonnage. Size reflects both its productivity from economy of scale and exposure to risks with size reducing the margins for error in very narrow restricted harbors.

Pilot's compensation

A review of the revised 2016 BBPA application for an increase in pilotage rates indicates that their 2015 gross revenue from pilotage was $10,935,966 with operating expenses of $5,416,382 leaving a net revenue of $5,519,584.[3] That net revenue distributed among 16.58 pilots resulted in 2015 individual pilot net compensation of $332,906[4].

The 2014 FCCA application indicated that 60% of the Miami gross revenue was generated by cruise ships. Applying that percentage to 2015 BBPA gross revenue of $10,935,966 would indicate that the cruise ships would have paid approximately $6,561,000 in pilotage revenue in 2015. A 25% reduction in rates for cruise ships would have resulted in a $1,640,000 reduction in BBPA net revenue. With 16.58 pilots, if the reduced rate had gone into effect it would have reduced each pilots net income by $98,938 in 2015. Resulting in 2015 individual pilot net income of $233,968[5]. Net income would have fallen to $201,650 in 2016[6] and below $200,000 by 2018[7].

That level of compensation is not compatible with maintaining a viable pilotage system in Miami. It is far less than half the prevailing compensation for

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3 BBPA Application, Page 5, 7(a)

4 BBPA Application, Page 5, 7(a)

5 BBPA Application, Page 5, 7(a) – 2015 Avg. pilot income of $332,906 minus $98,938 = $233,968

6 BBPA Application, Page 5, 7(a) – 2016 Avg. pilot income of $287,987 minus $98,938 = $189,049

7 BBPA Application, Page 5, 7(a) – 2017 Avg. pilot income of $262,165 minus $98,938 = $163,227

comparable pilots in the United States. It is in fact an existential threat to the pilotage system in Florida. It raises the issue of what is the real motive driving the FCCA in such an attack on the pilotage system.

Since the last rate adjustment in 2002 the CPI has increased more than 40%. The BBPA application requests an increase of 6% plus CPI in each of the next five years. That barely restores the rate to what it was 15 years ago in current dollars in the 5th projected year of the increase (2022). If granted it would result in a pilot net income in the 2nd projected year (2019) of $382,235[8]. That is considerably below the national average for comparable compensation of comparable pilots in the United States. If BBPA is to recruit and retain a high quality pilot complement and maintain the level of service that is expected in a major port, as mandated by Florida statutes, that level of increase is the minimum needed.

It should be noted that the Chairman of the Executive Committee of FCCA is Micky Arison who is also Chairman and former CEO of the Carnival Corporation[9]. The Carnival Corporation owns 10 cruise lines *(Carnival Cruise Line, Fathom, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK))*. They presently dominate the industry with 48% of the global cruise market. They operate over 100 cruise ships with 19 new cruise ships on order[10]. They had revenue of over 16 billion in 2016[11] that generated over $5 billion in available cash[12]. It is questionable as to why the FCCA under Micky Arison's leadership is devoting so much time and resources to mount an attack on the BBPA pilots involving a relatively insignificant $1.5 million reduction in pilotage costs in Miami. It amounts to less than a dollar and fifty

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8 BBPA Application, Page 5, 7(b), date of projected year adjusted for one year delay.

9 Carnival Corporation Annual Reports can be obtained at:
< http://www.carnivalcorp.com/phoenix.zhtml?c=140690&p=irol-reportsannual>

10 Carnival Corporation Annual Report, 2016, pg. 1.

11 Carnival Corporation Annual Report, 2016, pg. 1

12 Carnival Corporation Annual Report, 2016, pg. 2

cents per passenger per cruise ship transit. And, pilotage costs are normally not a company expense but are passed on to the passenger as an additional surcharge for port costs.

The answer may lie in the ongoing conflict over the past few years in the United States and Canada, as well as in some European countries, over the role of the pilot in the operation of Carnival Corporation cruise ships in their ports. It is well established in national, international and general maritime law that compulsory pilotage laws require ocean going ships entering a port to be navigated under the direction and control of a pilot licensed and accountable to local authorities. This accomplishes a number of things. It places the navigation of the ship in the most hazardous part of the voyage in the hands of an expert in local conditions and close quarters ship handling. In addition, it ensures that pilots' assessing the risk factors inherent in the handling of ships in close quarters under the dynamic conditions of a port take the public interest in safety into account. The law places the pilot in the position of a risk control manager accountable to the State. In order for a ship to move in compulsory pilotage areas there has to be an agreement between the captain and the pilot as to adequate safety margins and acceptable risks. This provides needed checks and balances in a safety system that serves the public interest in preventing maritime accidents.

It is clear from the application of the FCCA and testimony at the last hearing that rather than focusing on the economic impact on their operations the focus of the FCCA is to attack both the role of the pilot and the need for a pilot on cruise ships. Their main issue is one of control over the pilot and a weakening of pilotage as a safety system that can affect their economic interests. A 25% reduction for cruise ships that represent 60% of BBPA revenue would threaten the future of pilotage as a viable safety system in Miami. It is apparent that is the FCCA's goal. And, it is not limited to Miami. Micky Arison has stated that Port Everglades is next followed by Port Canaveral and then the rest of the ports in the United States. It is clearly an attack on a regulatory system using defunding as a weapon.

Pilot staffing and workload

Pilot staffing cannot be based on average workload as the FCCA position implies and still provide a dependable service. Ships do not arrive and depart spaced out at regular average intervals. Cruise ships arrive on schedules that fit passenger demands creating peak periods of activity requiring a necessary surge capability in pilot staffing. If pilot staffing were based on average traffic levels the result would be inevitable delays during those peak traffic periods. Any potential savings in pilotage costs would quickly be eroded by potential increases in fuel and lost labor costs.[13] It is standard practice in pilotage systems to staff to anticipated peak traffic periods. Imagine the impact of delaying a single cruise ship on a tight schedule with more than 5,000 passengers onboard committed to airline reservations and with more than 5,000 new passengers on the dock waiting to board because the ship arrived during a peak traffic period and pilot staffing levels were not adequate to meet the demand for services on a timely basis.

Miami is the largest cruise ship port in the world. The port infrastructure is built around the capability to handle cruise ships and tens of thousands of arriving and departing passengers during peak periods within compressed time slots. Coordinating the movement of multiple cruise ships during peak periods, integrating their movement into the traffic flow of the port and doing it safely, on time and without delays requires an adequate pilot complement, skilled support personnel and well maintained and backed up equipment. The BBPA operation is built around satisfying the peak demands of the cruise ships. While the FCCA's position is the cruise ships pay a disproportionate share of maintaining the pilotage system, it could easily be argued that they should be charged a premium for the special preference and demands they place upon the system beyond what is demanded by the cargo sector.

The FCCA application attempts to redefine workload as only time actually piloting the ship. The Florida statutory guidelines direct the Committee to consider the time actually on piloting duty and the additional time spent on

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support services. The 2014 Investigative Committee Report determined that in applying the statutory guidelines the pilots are on piloting duty 2709 hours per year plus the additional time spent on essential support services when not on piloting duty.[14] In comparison a normal work schedule is 40 hours a week for 50 weeks or 2000 hours a year. The pilots currently have a work schedule that is about 50% higher than the average worker. The FCCA's proposal that the pilot's workload should be increased to reduce costs is clearly irrational.

Retirement program

The FCCA devotes a considerable amount of effort in their application to attack the pilot's retirement program. Their main arguments can be reduced to two issues. It is not a tax deferred qualified ERISA plan funded from present income to meet a future obligation. And, the level of benefit at 50% of a pilot's compensation is deemed "exorbitant" in the FCCA's opinion. There is a need to put the retirement program in proper perspective.

In the 19th century and early 20th century tax exempt funded pension plans were unheard of and it was normal practice to pay pensions from current revenue or an individual set aside after tax dollars for retirement. The ERISA laws and regulations that permit funded pension plans to be established with tax sheltered dollars are relatively new in the time frame of pilot associations that date back to the colonial era and to the mid-19th century in their present form. When the ERISA laws and funded pension plans came into existence most pilot associations already had traditional unfunded retirement programs based on a distribution to retired pilots from current association revenue. A pilot association shifting from a program based on a distribution from current revenue to a qualified ERISA funded plan incurred recognition and funding of past service credits that made the cost of changing prohibitively expensive. For the Miami pilots' it is anticipated those costs would exceed $10 million dollars, and there is no source of funding for such a change. In addition, in most cases the costs of funding future benefits in an ERISA plan versus continuing to fund retirements from current revenue are about the same. For very valid economic reasons most, if not all, pilot associations in the

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14 2014 Investigative Committee Report, pg. 23

United States have remained with unfunded programs similar to the retirement program in place in Miami.

The only advantage of the pilots changing to a funded plan would be the individual pilot would have an identifiable fund earmarked for his account. In the unfunded current revenue program the individual pilot has no vesting in an identifiable fund. He has only a future expectation based on the existence of a future revenue stream to the association and the hope that, barring loss of license as a result of an accident or physical disability or death, he continues to be a member for at least 22 years and 8 months and reaches the age of 55. The lack of vesting and the uncertainty of a future benefit raises concerns that attributing a present value to an uncertain future benefit has aspects of allocating phantom income to the pilots in the rate setting process that may never materialize. The attack by the FCCA on both the pilotage system and the retirement program raises those concerns to an even higher level.

An overwhelming majority of pilots in the United States are covered by unfunded retirement programs similar to Miami. For accounting purposes the payments to retired pilots are either treated as an operating expense against gross revenue or as a distribution directly to retired pilots from net revenue. The end result is the same. There is no tax consequence to the association and tax is paid by the individual retiree when received. The common feature with these programs is that retirement benefits are paid to retired pilots out of current revenue prior to distribution of net revenue to active working pilots.

The FCCA application has been very critical of the BBPA unfunded plan coming close to implying that it is somehow improper or even illegal. It is interesting to note that in the Carnival Corporation Annual Report for 2016 that substantially all their Defined Benefit Plans for shipboard employees are unfunded plans[15].

The need for a retirement program, whether a qualified ERISA plan or a traditional unfunded plan should be self evident. First, the existence of retirement programs has always been an important part of the compensation

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15 Carnival Corporation Annual Report, 2016, pg. 36

package offered to maritime employees. While the importance of pensions differs from industry to industry, they continue to be an important part of the compensation package offered by maritime employers. This is in partial recognition of the fact that a career at sea is physically demanding and mentally stressful. This is also true of pilots. The possibility of disability is always just around the corner. Life is more hazardous for mariners than for most employees. Most pilotage commissions recognize this, and to remain competitive, offer retirement programs equivalent to those found in the seagoing maritime industry. Second, most pilot commissions recognize the benefits of being served by pilots that are thoroughly experienced in local conditions and permanently committed to a port by being locked into its retirement program and not open to enticement from other ports. An adequate retirement program not only aids as a recruitment tool to try to get the best pilot applicants to apply in the port, but it also promotes public safety by reducing the role of economics in the older pilots' retirement calculus. If an older pilot wants to retire due to the physical or mental demands of the job, most commissions also want that pilot to be able to retire.

To put the pilots retirement costs into perspective, the Masters, Mates & Pilots multi-employer funded retirement plans provides a benefit of 2 % per year of service and 2.5% for each year over 20 - that would be 50% after 24 years of service. The plan is supported by contributions at the level of 28% of wage costs. The BBPA pilots program that caps individual retirement benefits at 50 % of a share is not out of line with the norms in the pilotage community or the maritime industry. The only thing unusual is that the BBPA retirement program has a cap on total retirement costs of 20% of gross revenue which has the potential of reducing an individual pilot's retirement benefit to less than 50% of a share.

The authority and justification for the BBPA retirement program can be found in the Florida statutory guidelines governing the determination of pilotage rates. The committee is directed to consider the prevailing compensation in other maritime services and that in order to attract and hold the best and most qualified pilots the overall compensation should be equal to or greater than that available in

comparable maritime employment[16]. It is clear that the prevailing compensation in the most comparable maritime employment - pilots in other ports - includes unfunded retirement programs paid from current revenue similar to that of the BBPA pilots. It is also clear that the Florida legislature intended to include the cost of retirement and medical plans as factors in setting pilotage rates as they have specifically included them in the statutory guidelines[17]. The FCCA argument that the Florida statutory guideline that includes the cost of retirement and medical plans only refers to the cost of administering ERISA plans is an unreasonable and strained interpretation contrary to the clear meaning of the statute.

The statutory guidelines have to be interpreted in the light of real world reality and the intent of the legislature. It is difficult to believe the legislature directed the committee to consider the prevailing compensation of comparable maritime professionals and set a target of overall compensation equal to or greater than those professionals and further recognized the costs of retirement and medical plans in rate setting, and then defined pilot net income with an intent to undermine the overall compensation of Florida pilots by not recognizing retirement costs as a recognized operating expense or an authorized distribution to retired pilots. It is clear that the legislature intended to treat the pilot associations as a normal business entity where retirement costs are recognized as an allowable operating expense.

Conclusion

The FCCA's application for a reduction of rates is a classic attack on a regulatory system, in this case compulsory pilotage laws, by using defunding as a weapon. If granted, a reduction will threaten the continued existence of an

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Florida Statutes 310.151 (5)(b) The committee shall also give consideration to the following factors:
"6. The prevailing compensation available to individuals in other maritime services of comparable professional skill and standing as that sought in pilots, it being recognized that in order to attract to the profession of piloting, and to hold the best and most qualified individuals as pilots, the overall compensation accorded pilots should be equal to or greater than that available to such individuals in comparable maritime employment."

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Florida Statutes 310.151 (5)(b) The committee shall also give consideration to the following factors:
"9. Cost of retirement and medical plans."

essential harbor safety service in Miami. It will then be used as a precedent to try and defund and eliminate pilotage systems in other ports in Florida and nationwide. This may satisfy the goal of some upper level management executives. For the most part, they are not maritime professionals - experienced captains or pilots - and lack an understanding of the purposes of pilotage regulations and the consequences of their actions. But, it will jeopardize a safety system that is in place in every other State and every maritime nation for good reasons.

It will reduce BBPA pilots compensation to less than half that of the prevailing compensation of comparable pilots in the United States. This will drastically affect the ability of Miami to attract and retain pilots.

It will reduce pilot complement levels to a point where delays to shipping during peak periods will be inevitable. The consequential increased costs to shipping from the delays will far outweigh any likely cost savings.

It will discriminate in rates between cruise ships and cargo ships of the same size without any justifiable reason that serves the public interest.

It could shift more of the costs of maintaining a port safety system from the cruise ships to the cargo ship sector, and from the larger to the smaller ship, without any analyses of the consequences on shipping and the Port of Miami.

The FCCA have claimed no economic hardship or competitive disadvantage stemming from the current pilotage rate structure and have offered no evidence that it benefits anyone other than themselves. And, even that minor benefit is insignificant in relation to their total operating costs and revenues. There has been no evidence that a change in the rate structure will have any impact on their operations at the Port of Miami.

The BBPA have requested a rate increase that would barely restore the pilotage rate to the 2002 level in current dollars. If Miami is to continue as a first class port with a level of pilot services expected in a major port that increase should be granted.

We respectfully request the Committee to reject the application of FCCA as it is contrary to the public interest and grant the increase requested by the BBPA

as necessary to maintain safe, efficient and reliable pilotage services in the Port of Miami.

George A. Quick

George A. Quick, Vice President, Pilots
International Organization of Masters, Mates & Pilots

Exhibit 5

Port Data

Port Everglades Waterborne Commerce Chart for the Ten Fiscal Years 2017 through 2008 (Unaudited)

FISCAL YEAR	2017	2016	2015	2014
Operating Revenue[1]	**$ 161,733,028**	**$ 162,596,496**	**$ 153,450,795**	**$ 153,193,953**
Expenses	**$ 87,478,007**	**$ 83,269,230**	**$ 79,844,421**	**$ 79,416,801**
Gross Margin	**$ 74,255,021**	**$ 79,327,266**	**$ 73,606,374**	**$ 73,777,152**
TOTAL WATERBORNE OPERATING REVENUE	**$ 134,172,097**	**$ 135,185,504**	**$ 127,584,116**	**$ 128,432,403**
Cruise Revenue	$ 55,874,688	$ 55,322,611	$ 52,314,661	$ 59,422,144
Containerized Cargo Revenue	$ 34,155,505	$ 36,703,322	$ 34,846,800	$ 33,019,453
Petroleum Revenue	$ 34,733,092	$ 34,868,376	$ 32,749,162	$ 29,363,512
Bulk Revenue	$ 2,950,864	$ 3,418,513	$ 2,827,139	$ 2,814,888
Break Bulk Revenue	$ $5,144,529	$ 3,804,004	$ 3,671,874	$ 2,766,579
Lay-In Revenue[2]	$ $1,313,419	$ 1,068,678	$ 1,174,480	$ 1,045,827
Navy Revenue[2]	$ -	$ -	$ -	$ -
TOTAL SHIP CALLS	**4,029**	**3,959**	**3,768**	**3,970**
Cruise Ships	846	876	889	877
Container Ships	1,987	1,887	1,680	1,860
Cargo Ships	243	222	218	191
Petroleum Tankers/Barges	594	593	581	564
Navy/USCG[2]	-	-	-	-
Other (Bunkers/Tugs/Lay-In)[2]	359	381	400	478
TOTAL CRUISE PASSENGERS	**3,863,662**	**3,826,415**	**3,773,386**	**4,001,354**
Single Day	125,410	145,866	151,157	121,321
Multi-Day	3,738,252	3,680,549	3,622,229	3,880,033
TOTAL CONTAINERIZED CARGO (tons)[3, 4]	**7,226,433**	**6,692,690**	**6,693,446**	**6,529,771**
TEUs Loaded	792,995	739,326	749,876	735,572
TEUs Total	1,076,912	1,037,226	1,060,507	1,013,344
TOTAL PETROLEUM (tons)[3, 5]	**16,492,838**	**16,223,101**	**15,743,265**	**15,176,595**
Barrels	116,750,337	114,750,795	111,308,509	107,204,234
TOTAL BULK (tons)3	**1,220,147**	**1,428,763**	**1,234,305**	**1,300,532**
Bulk Cement	665,307	715,752	702,600	633,530
Dry Bulk	546,325	699,712	517,137	651,566
Liquid Bulk (Non-petroleum)	8,515	13,299	14,568	15,436
TOTAL BREAK BULK (tons)[3, 4]	**362,353**	**336,777**	**330,647**	**266,420**
Steel/Coils/Rebar	262,464	246,875	236,722	190,173
Other Break Bulk	99,889	89,902	93,925	76,247
TOTAL VEHICLES & YACHTS (tons)[3, 4]	**107,841**	**95,856**	**108,826**	**106,505**
Trucks/Trailers	19,490	19,932	26,131	28,662
Tractors	7,717	15,648	27,232	33,019
Yachts/Boats	63,276	52,972	49,514	40,200
Autos	17,198	7,238	5,872	4,180
Buses	160	66	77	444
TOTAL WATERBORNE COMMERCE (tons)[3]	**25,301,771**	**24,681,331**	**24,001,663**	**23,273,318**

[1]FY 2013 through 2017 Operating Revenue is adjusted to exclude Property Damage Recoveries, considered Non-Operating Revenue.
[2]FY 2014 through 2017 Navy revenue and vessel calls are included in Lay-in Revenue and Other vessel calls respectively.
[3]Tonnage is measured in 2,000-pound short tons.
[4]Vehicles & Yachts tonnage is presented in detail in its own section for informational purposes, but this tonnage is accounted for in other areas above.
[5]Petroleum does not include truck and rail volumes. FY 2017 Total Petroleum volume including Truck & Rail is 17,260,304 tons; 122,307,652 barrels.

ΣT = 7,226·+
16,493·+
1,220·+
362·+
108·+

25,409·*

2013	2012	2011	2010	2009	2008
$ 146,824,451	$ 142,931,312	$ 139,177,090	$ 124,653,452	$ 114,441,818	$ 121,169,061
$ 74,937,974	$ 72,146,510	$ 73,405,360	$ 73,950,966	$ 73,235,677	$ 73,093,351
$ 71,886,477	$ 70,784,802	$ 65,771,730	$ 50,702,486	$ 41,206,141	$ 48,075,710
$ 125,866,644	$ 122,018,332	$ 118,021,876	$ 103,312,041	$ 92,665,832	$ 96,958,452
$ 62,152,647	$ 60,159,964	$ 56,754,102	$ 45,724,190	$ 37,428,549	$ 35,217,120
$ 31,670,506	$ 31,321,019	$ 31,669,031	$ 29,473,963	$ 28,711,223	$ 33,867,064
$ 27,530,193	$ 25,656,369	$ 25,771,885	$ 25,486,535	$ 23,537,174	$ 23,620,073
$ 1,701,037	$ 2,003,023	$ 1,378,516	$ 925,567	$ 1,090,407	$ 1,599,476
$ 2,130,060	$ 1,552,505	$ 1,283,503	$ 872,967	$ 886,826	$ 1,670,354
$ 569,175	$ 1,078,394	$ 806,288	$ 467,858	$ 736,089	$ 692,866
$ 113,026	$ 247,058	$ 358,551	$ 360,961	$ 275,564	$ 291,499
3,850	4,000	4,183	4,079	4,251	5,226
772	838	969	1,015	1,007	1,676
1,872	1,867	1,861	1,830	1,980	2,197
188	194	180	113	105	157
591	618	630	661	683	727
14	16	26	29	34	22
413	467	517	431	442	447
3,600,636	3,757,320	3,952,843	3,674,226	3,139,820	3,227,770
90,909	68,298	288,740	360,018	302,866	591,059
3,509,727	3,689,022	3,664,103	3,314,208	2,836,954	2,636,711
6,045,588	5,944,513	5,787,961	5,216,831	5,204,103	6,584,747
663,410	655,046	621,632	552,781	551,862	697,808
927,572	923,600	880,999	793,227	796,160	985,095
15,330,225	14,830,384	15,325,199	15,483,856	15,337,063	16,143,971
108,377,053	104,819,812	108,262,845	109,380,437	108,356,216	113,941,485
884,908	973,191	531,572	511,467	566,820	895,147
534,469	613,051	375,050	264,211	306,727	494,054
337,239	346,976	141,189	234,068	246,988	387,383
13,200	13,164	15,333	13,188	13,105	13,710
191,752	120,812	94,921	69,960	67,462	91,007
116,448	53,055	27,180	15,192	15,523	17,660
75,304	67,757	67,741	54,768	51,939	73,347
134,506	166,237	180,986	181,169	172,361	240,129
30,416	28,222	28,112	34,105	40,903	69,712
50,247	76,163	83,337	79,210	65,255	69,552
43,744	55,198	60,812	54,396	53,871	75,729
5,310	4,307	7,253	12,972	11,314	23,845
4,789	2,347	1,472	485	1,018	1,291
22,452,473	22,116,275	22,087,515	21,640,144	21,503,720	24,227,435

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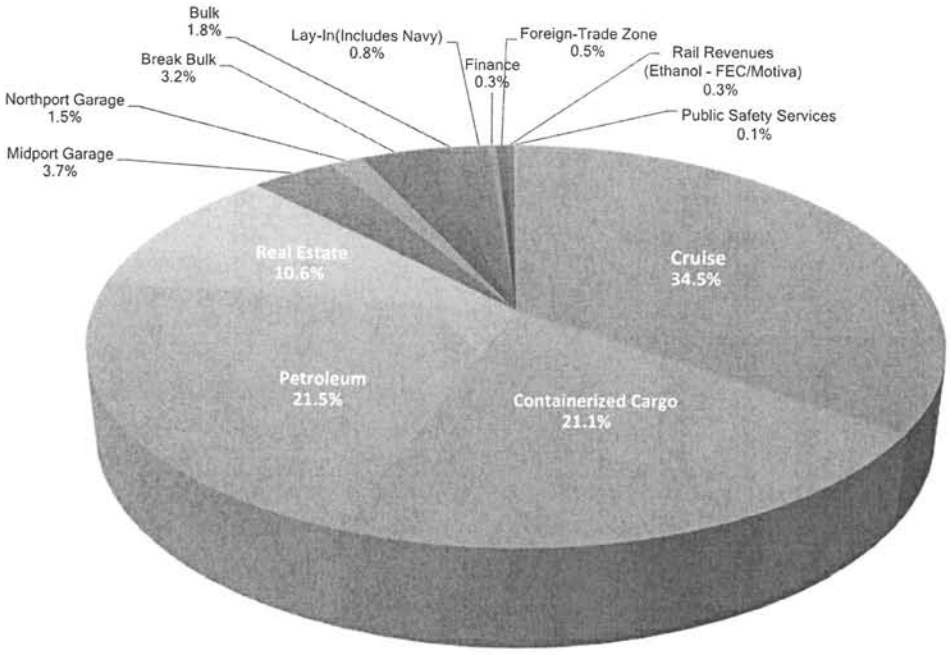
Σ TONS (T)

6,585.+
16,144.+
895.+
91.+
240.+

23,955.*

Port Revenue Center Contributions FY2017



Source: Port Everglades

Operating Revenue 2017		Revenue	% of Total Revenue
Cruise	$	55,874,688	34.5%
Containerized Cargo	$	34,155,505	21.1%
Petroleum	$	34,733,092	21.5%
Real Estate	$	17,067,713	10.6%
Midport Garage	$	6,037,192	3.7%
Northport Garage	$	2,388,835	1.5%
Break Bulk	$	5,144,529	3.2%
Bulk	$	2,950,864	1.8%
Lay-In (Includes Navy)	$	1,313,419	0.8%
Finance	$	562,629	0.3%
Foreign Trade Zone	$	839,496	0.5%
Rail Revenues (Ethanol - FEC/Motiva)	$	462,417	0.3%
Public Safety Services	$	202,649	0.1%
Total	**$**	**161,733,028**	**100.0%**

Source: Port Everglades

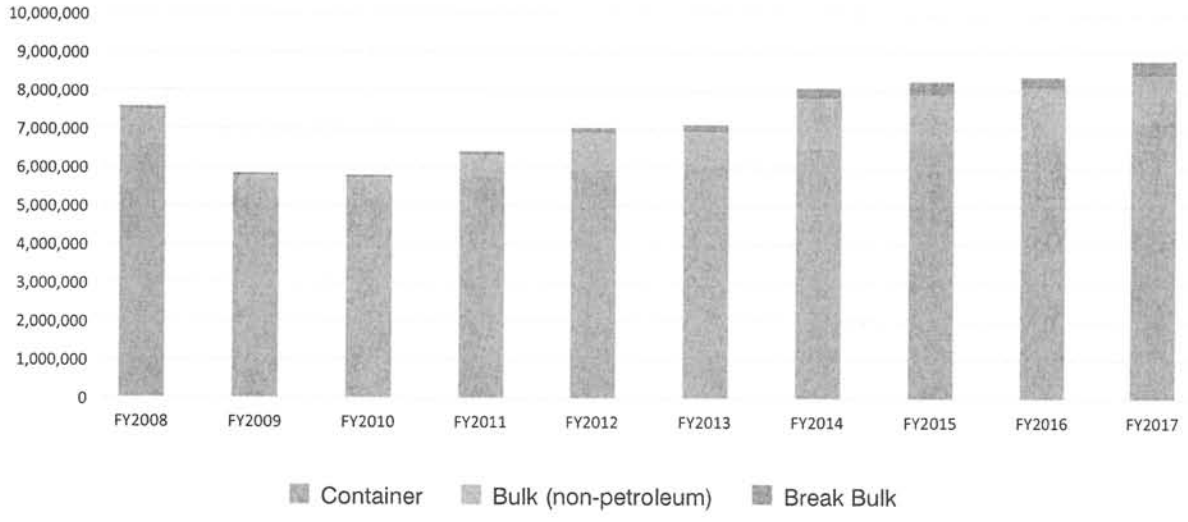
Port Everglades Monthly TEU Report - FY2017 vs. FY2016

	FY2017	FY2016	Gain (Loss):	% Change
October	82,930	82,993	(63)	-0.1%
November	93,297	84,820	8,477	10.0%
December	104,590	91,043	13,547	14.9%
January	92,773	89,879	2,894	3.2%
February	90,032	88,685	1,347	1.5%
March	102,981	94,733	8,248	8.7%
April	92,803	95,877	(3,074)	-3.2%
May	87,057	82,094	4,963	6.0%
June	83,669	76,657	7,012	9.1%
July	83,929	80,636	3,293	4.1%
August	86,838	78,668	8,170	10.4%
September	75,996	90,641	(14,645)	-16.2%
Total FY:	1,076,895	1,036,726	40,169	3.9%

Source: Port Everglades

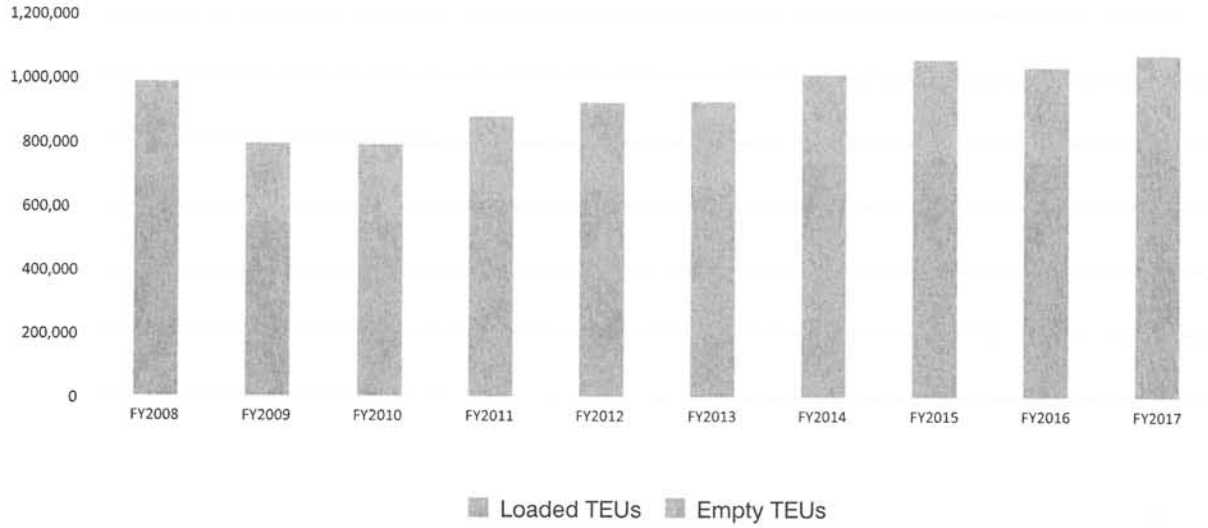
Historical Cargo Tonnage Activity

Containerized, Bulk, Break Bulk
Fiscal Years 2008 – 2017
(Measured in short Tons)



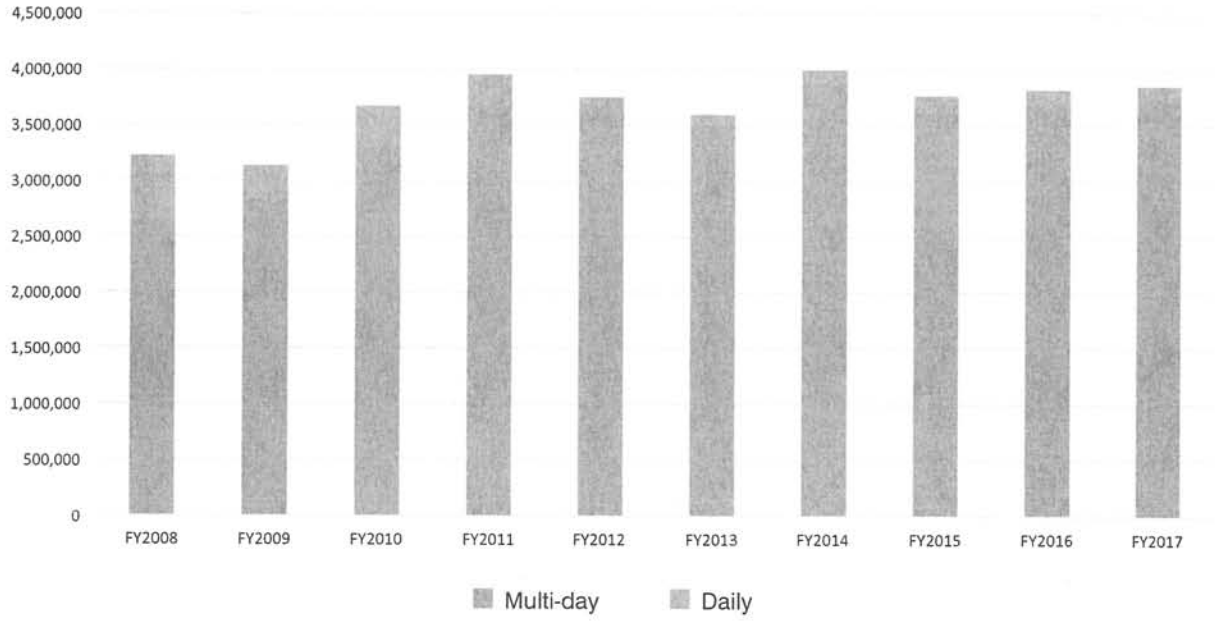
Source: Port Everglades

Historical Cargo TEU Activity
Fiscal Years 2008 – 2017



Source: Port Everglades

Historical Cruise Passenger Activity
Fiscal Years 2008 – 2017



Source: Port Everglades

Port Everglades Petroleum Report

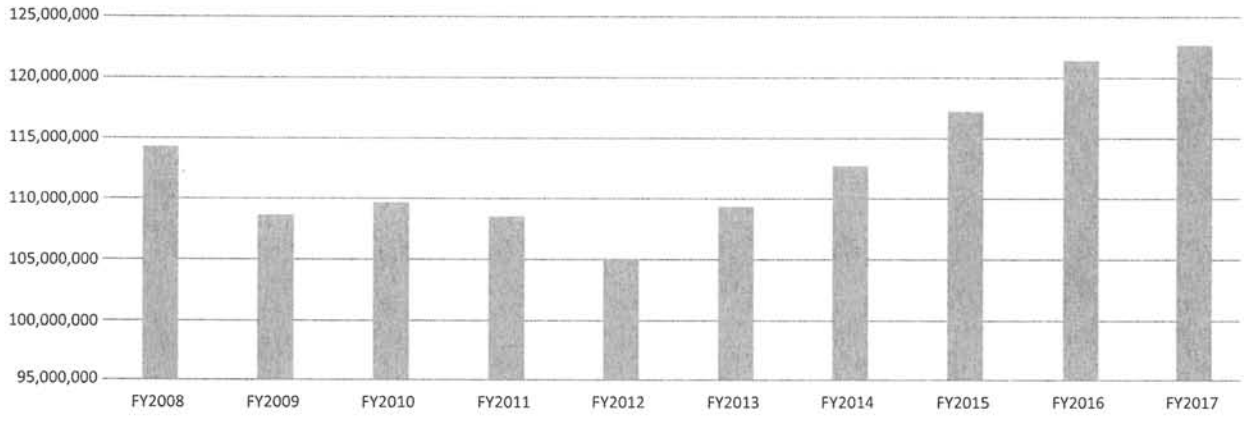
Petroleum Volume by Product
FY2017 vs. FY2016
(Volume in Barrels)

Product	FY2017	FY2016	% Change
Asphalt	371,259	495,686	-25.1%
Aviation Gasoline	213,752	196,635	8.7%
Bio Diesel (truck/rail)	141,406	18,982	644.9%
Crude Oil Loaded	470,568	574,345	-18.1%
Diesel Fuel	15,741,886	15,490,578	1.6%
Ethanol (vessel)	1,633,434	766,676	113.1%
Ethanol (truck/rail)*	5,415,909	6,298,784	-14.0%
Fuel Oil	2,683,242	2,477,087	8.3%
Gasoline	63,268,372	62,633,661	1.0%
Jet Fuel	31,982,450	31,893,543	0.3%
Propane	385,375	222,585	73.1%
Totals	**122,307,652**	**121,068,562**	**1.0%**

Note: Totals may be rounded

Source: Port Everglades

Historical Petroleum Activity
Fiscal Years 2008 – 2017
(Volume in Barrels)



Source: Port Everglades

Exhibit 6

Consumer Price Index

Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, by month — Continued

[1982-84=100, unless otherwise noted]

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1971	39.8	39.9	40.0	40.1	40.3	40.6	40.7	40.8	40.8	40.9	40.9	41.1
1972	41.1	41.3	41.4	41.5	41.6	41.7	41.9	42.0	42.1	42.3	42.4	42.5
1973	42.6	42.9	43.3	43.6	43.9	44.2	44.3	45.1	45.2	45.6	45.9	46.2
1974	46.6	47.2	47.8	48.0	48.6	49.0	49.4	50.0	50.6	51.1	51.5	51.9
1975	52.1	52.5	52.7	52.9	53.2	53.6	54.2	54.3	54.6	54.9	55.3	55.5
1976	55.6	55.8	55.9	56.1	56.5	56.8	57.1	57.4	57.6	57.9	58.0	58.2
1977	58.5	59.1	59.5	60.0	60.3	60.7	61.0	61.2	61.4	61.6	61.9	62.1
1978	62.5	62.9	63.4	63.9	64.5	65.2	65.7	66.0	66.5	67.1	67.4	67.7
1979	68.3	69.1	69.8	70.6	71.5	72.3	73.1	73.8	74.6	75.2	75.9	76.7
1980	77.8	78.9	80.1	81.0	81.8	82.7	82.7	83.3	84.0	84.8	85.5	86.3
1981	87.0	87.9	88.5	89.1	89.8	90.6	91.6	92.3	93.2	93.4	93.7	94.0
1982	94.3	94.6	94.5	94.9	95.8	97.0	97.5	97.7	97.9	98.2	98.0	97.6
1983	97.8	97.9	97.9	98.6	99.2	99.5	99.9	100.2	100.7	101.0	101.2	101.3
1984	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3
1985	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	–	–	–	–

Exhibit 7

Current, Agreed Upon, and Optional Rate Structures

Application Overview 2017 Traffic (FL Modified Box formula as consolidated by FCCA and Port Everglades Pilots]

		Current Rate Actual Revenue	LRCM Rx		Proposed Rate revenue on change	LRCM Rx	Increase/decrease Change
Draft Charge	13.3	**$2,390,191**	**$4,998,659**		**$4,998,659**	**$5,020,754**	**$2,608,468.00**
GRT	0.0356	**$9,262,866**	**$9,208,217**		**$3,610,461**	**$3,625,005**	**-$5,652,405.00**
				Beam	**$3,075,787**	**$3,087,297**	new charge
				Length	**$4,156,414**	**$4,171,040**	new charge
Additional Shifting:	$300	**$163,200**			**$0**		charge eliminated
Anchor	$300	**$0**			**$0**		charge eliminated
Hawser	1.5x	**$10,700**			**$0**		charge eliminated
Total		**$11,826,957**			**$15,841,321**	**$15,904,097**	**$4,014,364.00**
Number of Handles		8,016			8,016		
Revenue per Handle		$1,475			$1,976		

Note: Revenue per Handle with proposed rate will remain below the State Average of $2028.67.
Based on 2017 data, PEV Revenue per handle will be 19.4% below that of Miami's $2451 as projected by R. Law

Detailed Analysis of Agreed Upon Rates

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	1	0.75
Beam	5	3.75
Draft	30	22.5
GT	0.014	0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	Proposed Rate (FL Modified Box Formula) LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
0000 - 2,000 GT												
Crosby Trinity	100	29	12	98	4	8	75	113	405	53	645	5160
Delta Faith	95	26	8	197	2	4	75	113	405	53	645	2580
Crosby Integrity	96	30	8	96	5	10	75	113	405	53	645	6450
Crosby Light	100	27	10	165	5	10	75	113	405	53	645	6450
RV Endeavor	185	33	18	298	2	4	139	124	405	53	720	2880
Vi-Nais	190	38	8	487	5	10	143	143	405	53	743	7425
Stad Amsterdam	218	35	15	723	2	4	164	131	405	53	752	3009
Cape Mail	220	40	9	858	97	194	165	150	405	53	773	149865
Champion III	179	59	8	1090	23	46	134	221	405	53	813	37398
Transport Express	209	46	8	1042	20	40	157	173	405	53	787	31470
Alucia	183	39	15	1142	4	8	137	146	405	53	741	5928
Pelagic Express	267	43	10	1867	56	112	200	161	405	53	819	91728
Misc Other Vessels	220	41	10	1146	20	40	165	154	405	53	776	31050
		Avg. Draft	**11**			**490**						**381393**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
2,001 - 5,000 GT												
Orion	298	45	10	2035	28	56	224	169	405	53	850	47586
Charlotte	298	45	11	2035	24	48	224	169	405	53	850	40788
Fiesta Mail	246	28	10	2845	24	48	185	105	405	53	747	35856
Jan Caribe	310	52	18	2749	49	98	233	195	405	53	885	86730
Caribe Mariner	327	54	18	2899	57	114	245	203	405	53	905	103199
Allegro	323	56	18	2984	117	234	242	210	405	53	910	212882
Caribe Navigator	328	55	18	2996	57	114	246	206	405	53	910	103712
Vanquish	328	52	18	3871	52	104	246	195	405	53	899	93444
JAUME 1	250	80	11	3989	263	526	188	300	405	53	945	497070
Planet V	382	63	18	4984	28	56	287	236	405	53	980	54894
Misc Other Vessel	279	48	18	5000	172	344	209	180	405	53	847	291282
		Avg. Draft	**15**			**1742**						**1567442**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
5,001-10,000 GT						
Pearl Mist	327	55	11	5109	17	34
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28
Delphinus	400	63	18	5730	12	24
Greenfast	387	64	18	5522	10	20
SCM Elpida	354	60	18	6170	11	22
Tramper	330	70	18	6714	5	10
Regula	436	63	19	7219	32	64
Pavo J	458	74	19	8246	50	100
K Breeze	458	72	18	8246	57	114
Pegasus J	458	73	19	8273	58	116
Paradero	458	74	18	8246	50	100
Tucana J	458	74	18	8246	58	116
Deneb J	458	73	18	8280	67	134
Frederick E Bouchard & B220	400	78	18	9076	10	20
Boston Trader	481	74	20	9528	20	40
JSP Amihan	456	75	19	9996	78	156
Vega Luna	485	76	21	9940	34	68
Hohebank	456	74	20	9996	33	66
Misc Other Vessel	435	70	18	9785	168	336
		Avg. Draft	**18**			**1568**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
245	206	405	54	910	30945
266	225	405	59	955	26750
300	236	405	60	1001	24034
290	240	405	58	993	19865
266	225	405	65	960	21126
248	263	405	70	985	9855
327	236	428	76	1067	68259
344	278	428	87	1135	113508
344	270	405	87	1105	125979
344	274	428	87	1132	131268
344	278	405	87	1113	111258
344	278	405	87	1113	129060
344	274	405	87	1109	148631
300	293	405	95	1093	21856
361	278	450	100	1188	47532
342	281	428	105	1156	180290
364	285	473	104	1226	83342
342	278	450	105	1174	77514
326	263	405	103	1096	368421
					1739495

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		501	390	630	147	1668	26681
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		459	360	660	159	1638	13100
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		545	390	660	163	1758	49233
Weisshorn	516	78	22	12029	43	86		516	390	660	168	1734	149159
Rothorn	516	78	22	12029	37	74		516	390	660	168	1734	128346
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		516	390	600	171	1677	33540
Super Servant 4	556	106	18	12642	4	8		556	530	540	177	1803	14424
Deltagracht	515	75	23	13706	9	18		515	375	690	192	1772	31894
Achievement & 650-8	587	74	22	14518	8	16		587	370	660	203	1820	29124
Stadt Jena	546	83	21	15375	11	22		546	415	630	215	1806	39738
Stadt Gera	545	82	24	15375	18	36		545	410	720	215	1890	68049
AS Fiorella	545	82	22	15375	36	72		545	410	660	215	1830	131778
AS Frederica	545	82	22	15375	35	70		545	410	660	215	1830	128118
Warnow Whale	545	82	22	15375	13	26		545	410	660	215	1830	47587
Fouma	545	82	22	15375	14	28		545	410	660	215	1830	51247
Mercs Jaffna	528	82	26	15636	11	22		528	410	780	219	1937	42612
Dole Ecuador	587	89	25	16488	24	48		587	445	750	231	2013	96616
Silver Wind	611	90	18	17235	4	8		611	450	540	241	1842	14738
Dole Honduras	587	89	25	16657	25	50		587	445	750	233	2015	100760
Yacht Express	686	106	21	17951	9	18		686	530	630	251	2097	37752
Lion	618	87	22	19131	28	56		618	435	660	268	1981	110927
Misc Other Vessel	552	83	22	15909	142	284		552	417	660	223	1852	526093
		Avg. Draft	**22**			**1014**							**1871515**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
20,001-30,000 GT												
Melbourne Strait	590	91	22	21018	40	80	590	455	660	294	1999	159940
FS Ipanema	590	91	22	21018	33	66	590	455	660	294	1999	131951
Kim Bouchard & B270	628	91	26	21200	21	42	628	455	780	297	2160	90712
Jacob Rickmers	646	92	28	21971	8	16	646	460	840	308	2254	36058
Jacob	646	91	30	21971	17	34	646	455	900	308	2309	78492
Aggeliki P	617	98	27	23809	6	12	617	490	810	333	2250	27004
Independence	610	105	32	24837	17	34	610	525	960	348	2443	83052
JPO Aquarius	680	98	26	25361	11	22	680	490	780	355	2305	50711
MSC Weser	683	98	25	25703	10	20	683	490	750	360	2283	45657
Hammonia Palatium	686	98	31	26435	8	16	686	490	930	370	2476	39617
Spirit of Tokyo	689	98	28	26582	19	38	689	490	840	372	2391	90864
Margarete Schulte	689	98	26	26671	17	34	689	490	780	373	2332	79301
E.R. Caen	689	98	24	26836	11	22	689	490	720	376	2275	50043
E.R. Calais	695	98	28	27059	16	32	695	490	840	379	2404	76922
MSC Zebra	695	98	26	27093	11	22	695	490	780	379	2344	51575
MSC Corinna	689	98	26	27100	11	22	689	490	780	379	2338	51445
Legend & 750-2	595	105	30	27403	16	32	595	525	900	384	2404	76917
Silver Whisper	611	90	19	28258	2	4	611	450	570	396	2027	8106
Overseas Chinook	614	105	30	29234	5	10	614	525	900	409	2448	24483
Overseas Anacortes	601	105	32	29242	17	34	601	525	960	409	2495	84843
Florida	601	105	30	29242	17	34	601	525	900	409	2435	82803
Sunshine State	601	105	31	29527	11	22	601	525	930	413	2469	54326
Golden State	605	105	30	29527	20	40	605	525	900	413	2443	97735
West Virginia	601	105	31	29801	15	30	601	525	930	417	2473	74196
Louisiana	601	105	31	29801	14	28	601	525	930	417	2473	69250
American Freedom	601	105	31	29801	13	26	601	525	930	417	2473	64304
Lone Star State	610	105	30	29923	21	42	610	525	900	419	2454	103065
Misc Other Vessel	636	99	28	28859	103	206	636	496	836	404	2372	488576
		Avg. Draft	**28**			**1020**						**2371949**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
30,001 - 40,000 GT												
SR American Progress	601	106	30	30415	12	24	601	530	900	426	2457	58963
Pacific Princess	592	84	18	30312	5	10	592	420	540	424	1976	19764
Seabulk Arctic	600	106	30	30415	26	52	600	530	900	426	2456	127702
Florida Voyager	601	106	30	30415	10	20	601	530	900	426	2457	49136
Adonia	592	84	18	30277	2	4	592	420	540	424	1976	7904
Oregon Voyager	600	106	30	30770	28	56	600	530	900	431	2461	137804
Brenton Reef	620	106	30	30770	5	10	620	530	900	431	2481	24808
Seabourne Odyssey	659	99	22	32328	2	4	659	495	660	453	2267	9066
Seabourne Quest	650	98	22	32477	1	2	650	490	660	455	2255	4509
Silver Spirit	642	87	21	36009	4	8	642	435	630	504	2211	17689
Prinsendam	669	106	23	38848	5	10	669	530	690	544	2433	24329
Seabulk Trader	630	106	30	32328	5	10	630	530	900	453	2513	25126
Rio Grand Delhi Express	853	106	36	39941	7	14	853	530	1080	559	3022	42310
Seaspan Saigon	854	106	39	39941	5	10	854	530	1170	559	3113	31132
Misc Other Vessel	655	100	30	32258	32	64	655	500	900	452	2506	160391
		Avg. Draft	**27**			**298**						**740633**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	798	525	900	562	2785	50131
Charleston Express	798	105	30	40146	9	18	798	525	900	562	2785	50131
Yorktown Express	798	105	30	40146	9	18	798	525	900	562	2785	50131
Philadelphia Express	798	105	30	40146	8	16	798	525	900	562	2785	44561
Washington Express	798	105	30	40146	8	16	798	525	900	562	2785	44561
Elisabeth-S	856	105	33	40451	16	32	856	525	990	566	2937	93994
Rudolph Schepers	856	105	32	40451	5	10	856	525	960	566	2907	29073
Spirit of Lisbon	856	105	32	40451	11	22	856	525	960	566	2907	63961
Silver Muse	698	89	21	40791	3	6	698	445	630	571	2344	14064
JPO Libra	886	105	32	41359	17	34	886	525	960	579	2950	100301
JPO Capricornus	886	105	32	41359	15	30	886	525	960	579	2950	88501
SCF Pacifica	622	105	28	42208	4	8	622	525	840	591	2578	20623
Limari	882	105	32	42382	17	34	882	525	960	593	2960	100652
Hoegh Inchon	589	105	23	44219	12	24	589	525	690	619	2423	58154
Hoegh Masan	588	105	23	44219	8	16	588	525	690	619	2422	38753
Dublin Express	922	105	32	46009	15	30	922	525	960	644	3051	91534
Hoegh Maputo	599	105	26	47232	3	6	599	525	780	661	2565	15391
Bea Schulte	867	105	34	47877	8	16	867	525	1020	670	3082	49316
Misc Other Vessels	783	104	30	42233	37	74	783	521	900	591	2795	206829
		Avg. Draft	**29**			**428**						**1210660**

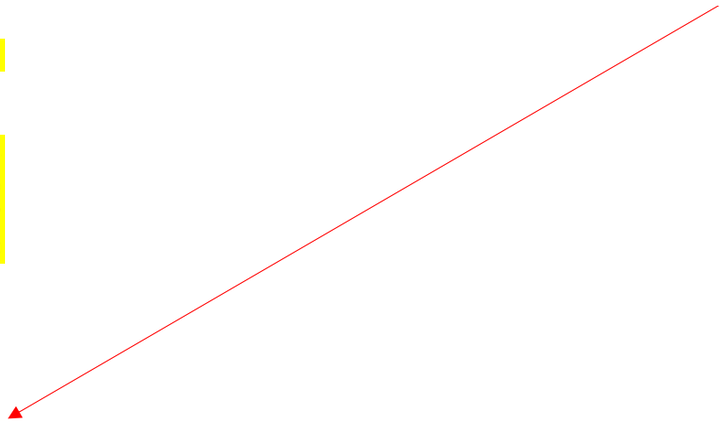
Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	958	525	960	710	3153	25221
Maersk Iowa	958	105	32	50686	3	6	958	525	960	710	3153	18916
Maersk Montana	958	105	33	50686	3	6	958	525	990	710	3183	19096
Maersk Idaho	958	105	34	50686	4	8	958	525	1020	710	3213	25701
Maersk Kentucky	958	105	34	50686	4	8	958	525	1020	710	3213	25701
MSC Carmen	902	105	39	50963	1	2	902	525	1170	713	3310	6621
Hoegh Yokohama	590	105	25	51770	4	8	590	525	750	725	2590	20718
Hoegh Osaka	593	105	26	51770	3	6	593	525	780	725	2623	15737
Maasdam	719	101	25	55575	2	4	719	505	750	778	2752	11008
Triumph Ace	656	106	29	55880	1	2	656	530	870	782	2838	5677
Veendam	720	101	25	57092	7	14	720	505	750	799	2774	38840
Martorell	655	105	29	57789	7	14	655	525	870	809	2859	40027
Dignity Ace	656	105	31	58767	1	2	656	525	930	823	2934	5867
Prime Ace	656	105	29	59007	1	2	656	525	870	826	2877	5754
		Avg. Draft	**30**			**90**						**264883**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	656	525	930	841	2952	5904
Auriga Leader	656	105	26	60,213	2	4	656	525	780	843	2804	11216
Antares Leader	656	105	26	60,284	1	2	656	525	780	844	2805	5610
Altair Leader	657	105	25	60,295	1	2	657	525	750	844	2776	5552
Carnation Ace	656	105	29	60,975	1	2	656	525	870	854	2905	5809
Demeter Leader	656	105	26	61,804	1	2	656	525	780	865	2826	5653
Rotterdam	781	106	27	61,849	7	14	781	530	810	866	2987	41816
MSC Cadiz	887	130	40	61,870	1	2	887	650	1200	866	3603	7206
MSC Barcelona	887	130	40	61,870	1	2	887	650	1200	866	3603	7206
Centaurus Leader	656	105	24	62,195	1	2	656	525	720	871	2772	5543
MSC Carouge	928	130	38	62,702	2	4	928	650	1140	878	3596	14383
MSC Geneva	928	130	38	62,702	2	4	928	650	1140	878	3596	14383
Amsterdam	781	106	26	62,735	2	4	781	530	780	878	2969	11877
Rio Barrow	901	130	35	65,059	1	2	901	650	1050	911	3512	7024
MSC Marta	902	130	38	65,483	3	6	902	650	1140	917	3609	21653
Tabea	904	130	35	66,280	8	16	904	650	1050	928	3532	56511
MSC Krystal	909	130	39	66,399	1	2	909	650	1170	930	3659	7317
MSC Margarita	910	130	38	66,500	1	2	910	650	1140	931	3631	7262
Apollon Leader	656	105	24	67,008	1	2	656	525	720	938	2839	5678
Crystal Serenity	829	105	25	68,870	5	10	829	525	750	964	3068	30682
Oriana	856	106	27	69,840	1	2	856	530	810	978	3174	6348
Monte Azul	892	130	32	69,132	7	14	892	650	960	968	3470	48578
Monte Aconcagua	892	130	32	69,132	7	14	892	650	960	968	3470	48578
Monte Rosa	892	130	32	69,132	7	14	892	650	960	968	3470	48578
Monte Tamaro	892	130	32	69,132	8	16	892	650	960	968	3470	55518
Cap Andreas	889	141	33	69,809	7	14	889	705	990	977	3561	49859
		Avg. Draft	**31**			**160**						**535744**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
70,000 to 90,000 GT												
Carnival Sensation	856	102	27	70,538	1	2	856	510	810	988	3164	6327
Oceana	856	106	27	77,499	1	2	856	530	810	1085	3281	6562
MSC Marina	997	130	38	73,813	3	6	997	650	1140	1033	3820	22922
MSC Michaela	997	130	37	73,819	3	6	997	650	1110	1033	3790	22743
MSC Barbara	997	130	37	73,819	1	2	997	650	1110	1033	3790	7581
MSC Stella	997	130	38	73,819	7	14	997	650	1140	1033	3820	53487
MSC Methoni	997	130	37	73,819	6	12	997	650	1110	1033	3790	45486
MSC Marianna	997	130	39	73,819	3	6	997	650	1170	1033	3850	23103
Sealand Illinois	997	130	36	74,583	5	10	997	650	1080	1044	3771	37712
Sealand Michigan	997	130	37	74,583	7	14	997	650	1110	1044	3801	53216
Sealand Washington	997	130	38	74,586	3	6	997	650	1140	1044	3831	22987
MSC Kalamata	998	130	39	74,656	2	4	998	650	1170	1045	3863	15453
Maersk Kobe	997	130	36	74,661	1	2	997	650	1080	1045	3772	7545
Sealand New York	997	130	36	74,661	7	14	997	650	1080	1045	3772	52812
MSC Vanessa	984	130	36	75,590	7	14	984	650	1080	1058	3772	52812
MSC Ilona	984	130	37	75,590	1	2	984	650	1110	1058	3802	7605
MSC Laura	984	130	39	75,590	2	4	984	650	1170	1058	3862	15449
MSC Maureen	984	130	38	75,590	5	10	984	650	1140	1058	3832	38323
MSC Alessia	984	130	39	75,590	2	4	984	650	1170	1058	3862	15449
MSC Florentina	984	130	40	75,590	3	6	984	650	1200	1058	3892	23354
Northern Majestic	984	130	40	75,590	2	4	984	650	1200	1058	3892	15569
MSC Luisa	984	130	40	75,590	1	2	984	650	1200	1058	3892	7785
Oosterdam	936	106	26	82,305	3	6	936	530	780	1152	3398	20390
Westerdam	935	106	26	82,348	4	8	935	530	780	1153	3398	27183
Zuiderdam	936	106	26	82,820	18	36	936	530	780	1159	3405	122597
Enchantment Of The Seas	990	106	25	82,910	2	4	990	530	750	1161	3431	13723
Nieuw Amsterdam	936	106	26	86,273	23	46	936	530	780	1208	3454	158876
Eurodam	936	106	26	86,273	23	46	936	530	780	1208	3454	158876
MSC Toronto	1,066	140	37	89,954	5	10	1066	700	1110	1259	4135	41354
		Avg. Draft	**35**			**302**						**1097276**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
90,001 + GT												
Queen Victoria	965	106	26	90,949	2	4	965	530	780	1273	3548	14193
Serenade Of The Seas	962	106	27	90,090	19	38	962	530	810	1261	3563	135404
Celebrity Infinity	965	106	27	90,280	3	6	965	530	810	1264	3569	21414
Queen Elizabeth	964	106	26	90,901	1	2	964	530	780	1273	3547	7093
Celebrity Summit	946	106	27	90,940	12	24	946	530	810	1273	3559	85420
Coral Princess	965	106	27	91,627	15	30	965	530	810	1283	3588	107633
Costa Deliziosa	964	106	27	92,720	10	20	964	530	810	1298	3602	72042
Island Princess	965	106	27	92,822	9	18	965	530	810	1300	3605	64881
Koningsdam	984	115	26	99,836	19	38	984	575	780	1398	3737	141995
Carnival Conquest	952	116	27	110,239	59	118	952	580	810	1543	3885	458471
Caribbean Princess	959	118	28	112,894	22	44	959	590	840	1581	3970	174659
Carvival Splendor	952	116	27	113,323	25	50	952	580	810	1587	3929	196426
Crown Princess	947	118	28	113,561	13	26	947	590	840	1590	3967	103138
Celebrity Equinox	1,041	121	29	121,878	12	24	1041	605	870	1706	4222	101335
Celebrity Silhouette	1,033	121	28	122,400	23	46	1033	605	840	1714	4192	192814
Celebrity Reflection	1,047	123	28	125,366	6	12	1047	615	840	1755	4257	51085
Adventure Of The Seas	1,020	126	30	137,276	2	4	1020	630	900	1922	4472	17887
Regal Princess	1,082	126	28	142,714	20	40	1082	630	840	1998	4550	182000
Royal Princess	1,082	126	28	142,714	20	40	1082	630	840	1998	4550	182000
Independence Of The Seas	1,112	127	29	154,407	32	64	1112	635	870	2162	4779	305837
Freedom Of The Seas	1,112	127	29	160,000	25	50	1112	635	870	2240	4857	242850
Allure Of The Seas	1,184	154	30	225,282	53	106	1184	770	900	3154	6008	636842
Harmony Of The Seas	1,188	154	30	226,963	52	104	1188	770	900	3177	6035	627690
		Avg. Draft	**28**			**908**						**4123109**
			Total Moves			**8020**				**Total Revenue (proposed)**		**$15,904,097**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx	
Draft	2,390,191	2,387,343	4,998,659	5,020,754	
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005	
beam			3,075,787	3,087,297	
loa			4,156,414	4,171,040	
Shift	162,300		0		
Anchor	0		0		
Hawser	10,700		0		
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776



Proposed Option 1

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	1	0.75
Beam	5	3.75
Draft	25	18.5
GT	0.014	0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
0000 - 2,000 GT						
Crosby Trinity	100	29	12	98	4	8
Delta Faith	95	26	8	197	2	4
Crosby Integrity	96	30	8	96	5	10
Crosby Light	100	27	10	165	5	10
RV Endeavor	185	33	18	298	2	4
Vi-Nais	190	38	8	487	5	10
Stad Amsterdam	218	35	15	723	2	4
Cape Mail	220	40	9	858	97	194
Champion III	179	59	8	1090	23	46
Transport Express	209	46	8	1042	20	40
Alucia	183	39	15	1142	4	8
Pelagic Express	267	43	10	1867	56	112
Misc Other Vessels	220	41	10	1146	20	40
		Avg. Draft	**11**			**490**

Proposed Rate (FL Modified Box Formula)

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
75	113	333	53	573	4584
75	113	333	53	573	2292
75	113	333	53	573	5730
75	113	333	53	573	5730
139	124	333	53	648	2592
143	143	333	53	671	6705
164	131	333	53	680	2721
165	150	333	53	701	135897
134	221	333	53	741	34086
157	173	333	53	715	28590
137	146	333	53	669	5352
200	161	333	53	747	83664
165	154	333	53	704	28170
					346113

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
2,001 - 5,000 GT												
Orion	298	45	10	2035	28	56	224	169	333	53	778	43554
Charlotte	298	45	11	2035	24	48	224	169	333	53	778	37332
Fiesta Mail	246	28	10	2845	24	48	185	105	333	53	675	32400
Jan Caribe	310	52	18	2749	49	98	233	195	333	53	813	79674
Caribe Mariner	327	54	18	2899	57	114	245	203	333	53	833	94991
Allegro	323	56	18	2984	117	234	242	210	333	53	838	196034
Caribe Navigator	328	55	18	2996	57	114	246	206	333	53	838	95504
Vanquish	328	52	18	3871	52	104	246	195	333	53	827	85956
JAUME 1	250	80	11	3989	263	526	188	300	333	53	873	459198
Planet V	382	63	18	4984	28	56	287	236	333	53	908	50862
Misc Other Vessel	279	48	18	5000	172	344	209	180	333	53	775	266514
	Avg. Draft		**15**			**1742**						**1442018**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
5,001-10,000 GT												
Pearl Mist	327	55	11	5109	17	34	245	206	333	54	838	28497
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28	266	225	333	59	883	24734
Delphinus	400	63	18	5730	12	24	300	236	333	60	929	22306
Greenfast	387	64	18	5522	10	20	290	240	333	58	921	18425
SCM Elpida	354	60	18	6170	11	22	266	225	333	65	888	19542
Tramper	330	70	18	6714	5	10	248	263	333	70	913	9135
Regula	436	63	19	7219	32	64	327	236	352	76	991	63395
Pavo J	458	74	19	8246	50	100	344	278	352	87	1059	105908
K Breeze	458	72	18	8246	57	114	344	270	333	87	1033	117771
Pegasus J	458	73	19	8273	58	116	344	274	352	87	1056	122452
Paradero	458	74	18	8246	50	100	344	278	333	87	1041	104058
Tucana J	458	74	18	8246	58	116	344	278	333	87	1041	120708
Deneb J	458	73	18	8280	67	134	344	274	333	87	1037	138983
Frederick E Bouchard & B220	400	78	18	9076	10	20	300	293	333	95	1021	20416
Boston Trader	481	74	20	9528	20	40	361	278	370	100	1108	44332
JSP Amihan	456	75	19	9996	78	156	342	281	352	105	1080	168434
Vega Luna	485	76	21	9940	34	68	364	285	389	104	1142	77630
Hohebank	456	74	20	9996	33	66	342	278	370	105	1094	72234
Misc Other Vessel	435	70	18	9785	168	336	326	263	333	103	1024	344229
		Avg. Draft	**18**			**1568**						**1623191**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		501	390	525	147	1563	25001
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		459	360	550	159	1528	12220
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		545	390	550	163	1648	46153
Weisshorn	516	78	22	12029	43	86		516	390	550	168	1624	139699
Rothorn	516	78	22	12029	37	74		516	390	550	168	1624	120206
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		516	390	500	171	1577	31540
Super Servant 4	556	106	18	12642	4	8		556	530	450	177	1713	13704
Deltagracht	515	75	23	13706	9	18		515	375	575	192	1657	29824
Achievement & 650-8	587	74	22	14518	8	16		587	370	550	203	1710	27364
Stadt Jena	546	83	21	15375	11	22		546	415	525	215	1701	37428
Stadt Gera	545	82	24	15375	18	36		545	410	600	215	1770	63729
AS Fiorella	545	82	22	15375	36	72		545	410	550	215	1720	123858
AS Frederica	545	82	22	15375	35	70		545	410	550	215	1720	120418
Warnow Whale	545	82	22	15375	13	26		545	410	550	215	1720	44727
Fouma	545	82	22	15375	14	28		545	410	550	215	1720	48167
Mercs Jaffna	528	82	26	15636	11	22		528	410	650	219	1807	39752
Dole Ecuador	587	89	25	16488	24	48		587	445	625	231	1888	90616
Silver Wind	611	90	18	17235	4	8		611	450	450	241	1752	14018
Dole Honduras	587	89	25	16657	25	50		587	445	625	233	1890	94510
Yacht Express	686	106	21	17951	9	18		686	530	525	251	1992	35862
Lion	618	87	22	19131	28	56		618	435	550	268	1871	104767
Misc Other Vessel	552	83	22	15909	142	284		552	417	550	223	1742	494853
		Avg. Draft	**22**			**1014**							**1758415**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
20,001-30,000 GT												
Melbourne Strait	590	91	22	21018	40	80	590	455	550	294	1889	151140
FS Ipanema	590	91	22	21018	33	66	590	455	550	294	1889	124691
Kim Bouchard & B270	628	91	26	21200	21	42	628	455	650	297	2030	85252
Jacob Rickmers	646	92	28	21971	8	16	646	460	700	308	2114	33818
Jacob	646	91	30	21971	17	34	646	455	750	308	2159	73392
Aggeliki P	617	98	27	23809	6	12	617	490	675	333	2115	25384
Independence	610	105	32	24837	17	34	610	525	800	348	2283	77612
JPO Aquarius	680	98	26	25361	11	22	680	490	650	355	2175	47851
MSC Weser	683	98	25	25703	10	20	683	490	625	360	2158	43157
Hammonia Palatium	686	98	31	26435	8	16	686	490	775	370	2321	37137
Spirit of Tokyo	689	98	28	26582	19	38	689	490	700	372	2251	85544
Margarete Schulte	689	98	26	26671	17	34	689	490	650	373	2202	74881
E.R. Caen	689	98	24	26836	11	22	689	490	600	376	2155	47403
E.R. Calais	695	98	28	27059	16	32	695	490	700	379	2264	72442
MSC Zebra	695	98	26	27093	11	22	695	490	650	379	2214	48715
MSC Corinna	689	98	26	27100	11	22	689	490	650	379	2208	48585
Legend & 750-2	595	105	30	27403	16	32	595	525	750	384	2254	72117
Silver Whisper	611	90	19	28258	2	4	611	450	475	396	1932	7726
Overseas Chinook	614	105	30	29234	5	10	614	525	750	409	2298	22983
Overseas Anacortes	601	105	32	29242	17	34	601	525	800	409	2335	79403
Florida	601	105	30	29242	17	34	601	525	750	409	2285	77703
Sunshine State	601	105	31	29527	11	22	601	525	775	413	2314	50916
Golden State	605	105	30	29527	20	40	605	525	750	413	2293	91735
West Virginia	601	105	31	29801	15	30	601	525	775	417	2318	69546
Louisiana	601	105	31	29801	14	28	601	525	775	417	2318	64910
American Freedom	601	105	31	29801	13	26	601	525	775	417	2318	60274
Lone Star State	610	105	30	29923	21	42	610	525	750	419	2304	96765
Misc Other Vessel	636	99	28	28859	103	206	636	496	696	404	2232	459889
		Avg. Draft	**28**			**1020**						**2230971**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
30,001 - 40,000 GT												
SR American Progress	601	106	30	30415	12	24	601	530	750	426	2307	55363
Pacific Princess	592	84	18	30312	5	10	592	420	450	424	1886	18864
Seabulk Arctic	600	106	30	30415	26	52	600	530	750	426	2306	119902
Florida Voyager	601	106	30	30415	10	20	601	530	750	426	2307	46136
Adonia	592	84	18	30277	2	4	592	420	450	424	1886	7544
Oregon Voyager	600	106	30	30770	28	56	600	530	750	431	2311	129404
Brenton Reef	620	106	30	30770	5	10	620	530	750	431	2331	23308
Seabourne Odyssey	659	99	22	32328	2	4	659	495	550	453	2157	8626
Seabourne Quest	650	98	22	32477	1	2	650	490	550	455	2145	4289
Silver Spirit	642	87	21	36009	4	8	642	435	525	504	2106	16849
Prinsendam	669	106	23	38848	5	10	669	530	575	544	2318	23179
Seabulk Trader	630	106	30	32328	5	10	630	530	750	453	2363	23626
Rio Grand Delhi Express	853	106	36	39941	7	14	853	530	900	559	2842	39790
Seaspan Saigon	854	106	39	39941	5	10	854	530	975	559	2918	29182
Misc Other Vessel	655	100	30	32258	32	64	655	500	750	452	2356	150791
	Avg. Draft		**27**			**298**						**696853**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	798	525	750	562	2635	47431
Charleston Express	798	105	30	40146	9	18	798	525	750	562	2635	47431
Yorktown Express	798	105	30	40146	9	18	798	525	750	562	2635	47431
Philadelphia Express	798	105	30	40146	8	16	798	525	750	562	2635	42161
Washington Express	798	105	30	40146	8	16	798	525	750	562	2635	42161
Elisabeth-S	856	105	33	40451	16	32	856	525	825	566	2772	88714
Rudolph Schepers	856	105	32	40451	5	10	856	525	800	566	2747	27473
Spirit of Lisbon	856	105	32	40451	11	22	856	525	800	566	2747	60441
Silver Muse	698	89	21	40791	3	6	698	445	525	571	2239	13434
JPO Libra	886	105	32	41359	17	34	886	525	800	579	2790	94861
JPO Capricornus	886	105	32	41359	15	30	886	525	800	579	2790	83701
SCF Pacifica	622	105	28	42208	4	8	622	525	700	591	2438	19503
Limari	882	105	32	42382	17	34	882	525	800	593	2800	95212
Hoegh Inchon	589	105	23	44219	12	24	589	525	575	619	2308	55394
Hoegh Masan	588	105	23	44219	8	16	588	525	575	619	2307	36913
Dublin Express	922	105	32	46009	15	30	922	525	800	644	2891	86734
Hoegh Maputo	599	105	26	47232	3	6	599	525	650	661	2435	14611
Bea Schulte	867	105	34	47877	8	16	867	525	850	670	2912	46596
Misc Other Vessels	783	104	30	42233	37	74	783	521	750	591	2645	195729
		Avg. Draft	**29**			**428**						**1145930**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	958	525	800	710	2993	23941
Maersk Iowa	958	105	32	50686	3	6	958	525	800	710	2993	17956
Maersk Montana	958	105	33	50686	3	6	958	525	825	710	3018	18106
Maersk Idaho	958	105	34	50686	4	8	958	525	850	710	3043	24341
Maersk Kentucky	958	105	34	50686	4	8	958	525	850	710	3043	24341
MSC Carmen	902	105	39	50963	1	2	902	525	975	713	3115	6231
Hoegh Yokohama	590	105	25	51770	4	8	590	525	625	725	2465	19718
Hoegh Osaka	593	105	26	51770	3	6	593	525	650	725	2493	14957
Maasdam	719	101	25	55575	2	4	719	505	625	778	2627	10508
Triumph Ace	656	106	29	55880	1	2	656	530	725	782	2693	5387
Veendam	720	101	25	57092	7	14	720	505	625	799	2649	37090
Martorell	655	105	29	57789	7	14	655	525	725	809	2714	37997
Dignity Ace	656	105	31	58767	1	2	656	525	775	823	2779	5557
Prime Ace	656	105	29	59007	1	2	656	525	725	826	2732	5464
		Avg. Draft	**30**			**90**						**251593**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	656	525	775	841	2797	5594
Auriga Leader	656	105	26	60,213	2	4	656	525	650	843	2674	10696
Antares Leader	656	105	26	60,284	1	2	656	525	650	844	2675	5350
Altair Leader	657	105	25	60,295	1	2	657	525	625	844	2651	5302
Carnation Ace	656	105	29	60,975	1	2	656	525	725	854	2760	5519
Demeter Leader	656	105	26	61,804	1	2	656	525	650	865	2696	5393
Rotterdam	781	106	27	61,849	7	14	781	530	675	866	2852	39926
MSC Cadiz	887	130	40	61,870	1	2	887	650	1000	866	3403	6806
MSC Barcelona	887	130	40	61,870	1	2	887	650	1000	866	3403	6806
Centaurus Leader	656	105	24	62,195	1	2	656	525	600	871	2652	5303
MSC Carouge	928	130	38	62,702	2	4	928	650	950	878	3406	13623
MSC Geneva	928	130	38	62,702	2	4	928	650	950	878	3406	13623
Amsterdam	781	106	26	62,735	2	4	781	530	650	878	2839	11357
Rio Barrow	901	130	35	65,059	1	2	901	650	875	911	3337	6674
MSC Marta	902	130	38	65,483	3	6	902	650	950	917	3419	20513
Tabea	904	130	35	66,280	8	16	904	650	875	928	3357	53711
MSC Krystal	909	130	39	66,399	1	2	909	650	975	930	3464	6927
MSC Margarita	910	130	38	66,500	1	2	910	650	950	931	3441	6882
Apollon Leader	656	105	24	67,008	1	2	656	525	600	938	2719	5438
Crystal Serenity	829	105	25	68,870	5	10	829	525	625	964	2943	29432
Oriana	856	106	27	69,840	1	2	856	530	675	978	3039	6078
Monte Azul	892	130	32	69,132	7	14	892	650	800	968	3310	46338
Monte Aconcagua	892	130	32	69,132	7	14	892	650	800	968	3310	46338
Monte Rosa	892	130	32	69,132	7	14	892	650	800	968	3310	46338
Monte Tamaro	892	130	32	69,132	8	16	892	650	800	968	3310	52958
Cap Andreas	889	141	33	69,809	7	14	889	705	825	977	3396	47549
		Avg. Draft	**31**			**160**						**510474**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
70,000 to 90,000 GT						
Carnival Sensation	856	102	27	70,538	1	2
Oceana	856	106	27	77,499	1	2
MSC Marina	997	130	38	73,813	3	6
MSC Michaela	997	130	37	73,819	3	6
MSC Barbara	997	130	37	73,819	1	2
MSC Stella	997	130	38	73,819	7	14
MSC Methoni	997	130	37	73,819	6	12
MSC Marianna	997	130	39	73,819	3	6
Sealand Illinois	997	130	36	74,583	5	10
Sealand Michigan	997	130	37	74,583	7	14
Sealand Washington	997	130	38	74,586	3	6
MSC Kalamata	998	130	39	74,656	2	4
Maersk Kobe	997	130	36	74,661	1	2
Sealand New York	997	130	36	74,661	7	14
MSC Vanessa	984	130	36	75,590	7	14
MSC Ilona	984	130	37	75,590	1	2
MSC Laura	984	130	39	75,590	2	4
MSC Maureen	984	130	38	75,590	5	10
MSC Alessia	984	130	39	75,590	2	4
MSC Florentina	984	130	40	75,590	3	6
Northern Majestic	984	130	40	75,590	2	4
MSC Luisa	984	130	40	75,590	1	2
Oosterdam	936	106	26	82,305	3	6
Westerdam	935	106	26	82,348	4	8
Zuiderdam	936	106	26	82,820	18	36
Enchantment Of The Seas	990	106	25	82,910	2	4
Nieuw Amsterdam	936	106	26	86,273	23	46
Eurodam	936	106	26	86,273	23	46
MSC Toronto	1,066	140	37	89,954	5	10
		Avg. Draft	**35**			**302**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
856	510	675	988	3029	6057
856	530	675	1085	3146	6292
997	650	950	1033	3630	21782
997	650	925	1033	3605	21633
997	650	925	1033	3605	7211
997	650	950	1033	3630	50827
997	650	925	1033	3605	43266
997	650	975	1033	3655	21933
997	650	900	1044	3591	35912
997	650	925	1044	3616	50626
997	650	950	1044	3641	21847
998	650	975	1045	3668	14673
997	650	900	1045	3592	7185
997	650	900	1045	3592	50292
984	650	900	1058	3592	50292
984	650	925	1058	3617	7235
984	650	975	1058	3667	14669
984	650	950	1058	3642	36423
984	650	975	1058	3667	14669
984	650	1000	1058	3692	22154
984	650	1000	1058	3692	14769
984	650	1000	1058	3692	7385
936	530	650	1152	3268	19610
935	530	650	1153	3268	26143
936	530	650	1159	3275	117917
990	530	625	1161	3306	13223
936	530	650	1208	3324	152896
936	530	650	1208	3324	152896
1066	700	925	1259	3950	39504
					1049316

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
90,001 + GT						
Queen Victoria	965	106	26	90,949	2	4
Serenade Of The Seas	962	106	27	90,090	19	38
Celebrity Infinity	965	106	27	90,280	3	6
Queen Elizabeth	964	106	26	90,901	1	2
Celebrity Summit	946	106	27	90,940	12	24
Coral Princess	965	106	27	91,627	15	30
Costa Deliziosa	964	106	27	92,720	10	20
Island Princess	965	106	27	92,822	9	18
Koningsdam	984	115	26	99,836	19	38
Carnival Conquest	952	116	27	110,239	59	118
Caribbean Princess	959	118	28	112,894	22	44
Carvival Splendor	952	116	27	113,323	25	50
Crown Princess	947	118	28	113,561	13	26
Celebrity Equinox	1,041	121	29	121,878	12	24
Celebrity Silhouette	1,033	121	28	122,400	23	46
Celebrity Reflection	1,047	123	28	125,366	6	12
Adventure Of The Seas	1,020	126	30	137,276	2	4
Regal Princess	1,082	126	28	142,714	20	40
Royal Princess	1,082	126	28	142,714	20	40
Independence Of The Seas	1,112	127	29	154,407	32	64
Freedom Of The Seas	1,112	127	29	160,000	25	50
Allure Of The Seas	1,184	154	30	225,282	53	106
Harmony Of The Seas	1,188	154	30	226,963	52	104
		Avg. Draft	**28**			**908**
				Total Moves		**8020**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
965	530	650	1273	3418	13673
962	530	675	1261	3428	130274
965	530	675	1264	3434	20604
964	530	650	1273	3417	6833
946	530	675	1273	3424	82180
965	530	675	1283	3453	103583
964	530	675	1298	3467	69342
965	530	675	1300	3470	62451
984	575	650	1398	3607	137055
952	580	675	1543	3750	442541
959	590	700	1581	3830	168499
952	580	675	1587	3794	189676
947	590	700	1590	3827	99498
1041	605	725	1706	4077	97855
1033	605	700	1714	4052	186374
1047	615	700	1755	4117	49405
1020	630	750	1922	4322	17287
1082	630	700	1998	4410	176400
1082	630	700	1998	4410	176400
1112	635	725	2162	4634	296557
1112	635	725	2240	4712	235600
1184	770	750	3154	5858	620942
1188	770	750	3177	5885	612090
					3995119
				Total Revenue (proposed price drop 25, 18.5)	**$15,049,992**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx	
Draft	2,390,191	2,387,343	4,998,659	5,020,754	
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005	
beam			3,075,787	3,087,297	
loa			4,156,414	4,171,040	
Shift	162,300		0		
Anchor	0		0		
Hawser	10,700		0		
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776

Total Revenue (Proposed at 30, 22.5)	**$**	**15,904,097**
Decrease in Rev with price drop	$	854,105

Proposed Option 2

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	0.85	0.75
Beam	5	3.75
Draft	25	18.5
GT	0.014	0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
0000 - 2,000 GT						
Crosby Trinity	100	29	12	98	4	8
Delta Faith	95	26	8	197	2	4
Crosby Integrity	96	30	8	96	5	10
Crosby Light	100	27	10	165	5	10
RV Endeavor	185	33	18	298	2	4
Vi-Nais	190	38	8	487	5	10
Stad Amsterdam	218	35	15	723	2	4
Cape Mail	220	40	9	858	97	194
Champion III	179	59	8	1090	23	46
Transport Express	209	46	8	1042	20	40
Alucia	183	39	15	1142	4	8
Pelagic Express	267	43	10	1867	56	112
Misc Other Vessels	220	41	10	1146	20	40
	Avg. Draft		**11**			**490**

Proposed Rate (FL Modified Box Formula)

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
75	113	333	53	573	4584
75	113	333	53	573	2292
75	113	333	53	573	5730
75	113	333	53	573	5730
139	124	333	53	648	2592
143	143	333	53	671	6705
164	131	333	53	680	2721
165	150	333	53	701	135897
134	221	333	53	741	34086
157	173	333	53	715	28590
137	146	333	53	669	5352
200	161	333	53	747	83664
165	154	333	53	704	28170
					346113

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
2,001 - 5,000 GT												
Orion	298	45	10	2035	28	56	224	169	333	53	778	43554
Charlotte	298	45	11	2035	24	48	224	169	333	53	778	37332
Fiesta Mail	246	28	10	2845	24	48	185	105	333	53	675	32400
Jan Caribe	310	52	18	2749	49	98	233	195	333	53	813	79674
Caribe Mariner	327	54	18	2899	57	114	245	203	333	53	833	94991
Allegro	323	56	18	2984	117	234	242	210	333	53	838	196034
Caribe Navigator	328	55	18	2996	57	114	246	206	333	53	838	95504
Vanquish	328	52	18	3871	52	104	246	195	333	53	827	85956
JAUME 1	250	80	11	3989	263	526	188	300	333	53	873	459198
Planet V	382	63	18	4984	28	56	287	236	333	53	908	50862
Misc Other Vessel	279	48	18	5000	172	344	209	180	333	53	775	266514
		Avg. Draft	**15**			**1742**						**1442018**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
5,001-10,000 GT												
Pearl Mist	327	55	11	5109	17	34	245	206	333	54	838	28497
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28	266	225	333	59	883	24734
Delphinus	400	63	18	5730	12	24	300	236	333	60	929	22306
Greenfast	387	64	18	5522	10	20	290	240	333	58	921	18425
SCM Elpida	354	60	18	6170	11	22	266	225	333	65	888	19542
Tramper	330	70	18	6714	5	10	248	263	333	70	913	9135
Regula	436	63	19	7219	32	64	327	236	352	76	991	63395
Pavo J	458	74	19	8246	50	100	344	278	352	87	1059	105908
K Breeze	458	72	18	8246	57	114	344	270	333	87	1033	117771
Pegasus J	458	73	19	8273	58	116	344	274	352	87	1056	122452
Paradero	458	74	18	8246	50	100	344	278	333	87	1041	104058
Tucana J	458	74	18	8246	58	116	344	278	333	87	1041	120708
Deneb J	458	73	18	8280	67	134	344	274	333	87	1037	138983
Frederick E Bouchard & B220	400	78	18	9076	10	20	300	293	333	95	1021	20416
Boston Trader	481	74	20	9528	20	40	361	278	370	100	1108	44332
JSP Amihan	456	75	19	9996	78	156	342	281	352	105	1080	168434
Vega Luna	485	76	21	9940	34	68	364	285	389	104	1142	77630
Hohebank	456	74	20	9996	33	66	342	278	370	105	1094	72234
Misc Other Vessel	435	70	18	9785	168	336	326	263	333	103	1024	344229
		Avg. Draft	**18**			**1568**						**1623191**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		426	390	525	147	1487	23799
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		390	360	550	159	1459	11669
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		463	390	550	163	1567	43864
Weisshorn	516	78	22	12029	43	86		439	390	550	168	1547	133043
Rothorn	516	78	22	12029	37	74		439	390	550	168	1547	114478
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		439	390	500	171	1500	29992
Super Servant 4	556	106	18	12642	4	8		473	530	450	177	1630	13037
Deltagracht	515	75	23	13706	9	18		438	375	575	192	1580	28433
Achievement & 650-8	587	74	22	14518	8	16		499	370	550	203	1622	25955
Stadt Jena	546	83	21	15375	11	22		464	415	525	215	1619	35626
Stadt Gera	545	82	24	15375	18	36		463	410	600	215	1689	60786
AS Fiorella	545	82	22	15375	36	72		463	410	550	215	1639	117972
AS Frederica	545	82	22	15375	35	70		463	410	550	215	1639	114695
Warnow Whale	545	82	22	15375	13	26		463	410	550	215	1639	42601
Fouma	545	82	22	15375	14	28		463	410	550	215	1639	45878
Mercs Jaffna	528	82	26	15636	11	22		449	410	650	219	1728	38009
Dole Ecuador	587	89	25	16488	24	48		499	445	625	231	1800	86390
Silver Wind	611	90	18	17235	4	8		519	450	450	241	1661	13285
Dole Honduras	587	89	25	16657	25	50		499	445	625	233	1802	90107
Yacht Express	686	106	21	17951	9	18		583	530	525	251	1889	34009
Lion	618	87	22	19131	28	56		525	435	550	268	1778	99576
Misc Other Vessel	552	83	22	15909	142	284		469	417	550	223	1660	471324
		Avg. Draft	**22**			**1014**							**1674529**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
20,001-30,000 GT												
Melbourne Strait	590	91	22	21018	40	80	502	455	550	294	1801	144060
FS Ipanema	590	91	22	21018	33	66	502	455	550	294	1801	118850
Kim Bouchard & B270	628	91	26	21200	21	42	534	455	650	297	1936	81295
Jacob Rickmers	646	92	28	21971	8	16	549	460	700	308	2017	32267
Jacob	646	91	30	21971	17	34	549	455	750	308	2062	70098
Aggeliki P	617	98	27	23809	6	12	524	490	675	333	2023	24273
Independence	610	105	32	24837	17	34	519	525	800	348	2191	74501
JPO Aquarius	680	98	26	25361	11	22	578	490	650	355	2073	45607
MSC Weser	683	98	25	25703	10	20	581	490	625	360	2055	41108
Hammonia Palatium	686	98	31	26435	8	16	583	490	775	370	2218	35491
Spirit of Tokyo	689	98	28	26582	19	38	586	490	700	372	2148	81616
Margarete Schulte	689	98	26	26671	17	34	586	490	650	373	2099	71367
E.R. Caen	689	98	24	26836	11	22	586	490	600	376	2051	45130
E.R. Calais	695	98	28	27059	16	32	591	490	700	379	2160	69106
MSC Zebra	695	98	26	27093	11	22	591	490	650	379	2110	46421
MSC Corinna	689	98	26	27100	11	22	586	490	650	379	2105	46311
Legend & 750-2	595	105	30	27403	16	32	506	525	750	384	2164	69261
Silver Whisper	611	90	19	28258	2	4	519	450	475	396	1840	7360
Overseas Chinook	614	105	30	29234	5	10	522	525	750	409	2206	22062
Overseas Anacortes	601	105	32	29242	17	34	511	525	800	409	2245	76338
Florida	601	105	30	29242	17	34	511	525	750	409	2195	74638
Sunshine State	601	105	31	29527	11	22	511	525	775	413	2224	48933
Golden State	605	105	30	29527	20	40	514	525	750	413	2203	88105
West Virginia	601	105	31	29801	15	30	511	525	775	417	2228	66842
Louisiana	601	105	31	29801	14	28	511	525	775	417	2228	62386
American Freedom	601	105	31	29801	13	26	511	525	775	417	2228	57930
Lone Star State	610	105	30	29923	21	42	519	525	750	419	2212	92922
Misc Other Vessel	636	99	28	28859	103	206	540	496	696	404	2137	440247
		Avg. Draft	**28**			**1020**						**2134525**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
30,001 - 40,000 GT						
SR American Progress	601	106	30	30415	12	24
Pacific Princess	592	84	18	30312	5	10
Seabulk Arctic	600	106	30	30415	26	52
Florida Voyager	601	106	30	30415	10	20
Adonia	592	84	18	30277	2	4
Oregon Voyager	600	106	30	30770	28	56
Brenton Reef	620	106	30	30770	5	10
Seabourne Odyssey	659	99	22	32328	2	4
Seabourne Quest	650	98	22	32477	1	2
Silver Spirit	642	87	21	36009	4	8
Prinsendam	669	106	23	38848	5	10
Seabulk Trader	630	106	30	32328	5	10
Rio Grand Delhi Express	853	106	36	39941	7	14
Seaspan Saigon	854	106	39	39941	5	10
Misc Other Vessel	655	100	30	32258	32	64
		Avg. Draft	**27**			**298**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
511	530	750	426	2217	53200
503	420	450	424	1798	17976
510	530	750	426	2216	115222
511	530	750	426	2217	44333
503	420	450	424	1797	7188
510	530	750	431	2221	124364
527	530	750	431	2238	22378
560	495	550	453	2058	8231
553	490	550	455	2047	4094
546	435	525	504	2010	16079
569	530	575	544	2218	22175
536	530	750	453	2268	22681
725	530	900	559	2714	37999
726	530	975	559	2790	27901
556	500	750	452	2258	144508
					668329

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	678	525	750	562	2515	45276
Charleston Express	798	105	30	40146	9	18	678	525	750	562	2515	45276
Yorktown Express	798	105	30	40146	9	18	678	525	750	562	2515	45276
Philadelphia Express	798	105	30	40146	8	16	678	525	750	562	2515	40246
Washington Express	798	105	30	40146	8	16	678	525	750	562	2515	40246
Elisabeth-S	856	105	33	40451	16	32	728	525	825	566	2644	84605
Rudolph Schepers	856	105	32	40451	5	10	728	525	800	566	2619	26189
Spirit of Lisbon	856	105	32	40451	11	22	728	525	800	566	2619	57616
Silver Muse	698	89	21	40791	3	6	593	445	525	571	2134	12806
JPO Libra	886	105	32	41359	17	34	753	525	800	579	2657	90342
JPO Capricornus	886	105	32	41359	15	30	753	525	800	579	2657	79714
SCF Pacifica	622	105	28	42208	4	8	529	525	700	591	2345	18757
Limari	882	105	32	42382	17	34	750	525	800	593	2668	90714
Hoegh Inchon	589	105	23	44219	12	24	501	525	575	619	2220	53273
Hoegh Masan	588	105	23	44219	8	16	500	525	575	619	2219	35502
Dublin Express	922	105	32	46009	15	30	784	525	800	644	2753	82585
Hoegh Maputo	599	105	26	47232	3	6	509	525	650	661	2345	14072
Bea Schulte	867	105	34	47877	8	16	737	525	850	670	2782	44516
Misc Other Vessels	783	104	30	42233	37	74	666	521	750	591	2528	187036
		Avg. Draft	**29**			**428**						**1094046**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	814	525	800	710	2849	22791
Maersk Iowa	958	105	32	50686	3	6	814	525	800	710	2849	17093
Maersk Montana	958	105	33	50686	3	6	814	525	825	710	2874	17243
Maersk Idaho	958	105	34	50686	4	8	814	525	850	710	2899	23191
Maersk Kentucky	958	105	34	50686	4	8	814	525	850	710	2899	23191
MSC Carmen	902	105	39	50963	1	2	767	525	975	713	2980	5960
Hoegh Yokohama	590	105	25	51770	4	8	502	525	625	725	2376	19010
Hoegh Osaka	593	105	26	51770	3	6	504	525	650	725	2404	14423
Maasdam	719	101	25	55575	2	4	611	505	625	778	2519	10077
Triumph Ace	656	106	29	55880	1	2	558	530	725	782	2595	5190
Veendam	720	101	25	57092	7	14	612	505	625	799	2541	35578
Martorell	655	105	29	57789	7	14	557	525	725	809	2616	36621
Dignity Ace	656	105	31	58767	1	2	558	525	775	823	2680	5361
Prime Ace	656	105	29	59007	1	2	558	525	725	826	2634	5267
		Avg. Draft	**30**			**90**						**240998**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	558	525	775	841	2699	5397
Auriga Leader	656	105	26	60,213	2	4	558	525	650	843	2576	10302
Antares Leader	656	105	26	60,284	1	2	558	525	650	844	2577	5153
Altair Leader	657	105	25	60,295	1	2	558	525	625	844	2553	5105
Carnation Ace	656	105	29	60,975	1	2	558	525	725	854	2661	5323
Demeter Leader	656	105	26	61,804	1	2	558	525	650	865	2598	5196
Rotterdam	781	106	27	61,849	7	14	664	530	675	866	2735	38286
MSC Cadiz	887	130	40	61,870	1	2	754	650	1000	866	3270	6540
MSC Barcelona	887	130	40	61,870	1	2	754	650	1000	866	3270	6540
Centaurus Leader	656	105	24	62,195	1	2	558	525	600	871	2553	5107
MSC Carouge	928	130	38	62,702	2	4	789	650	950	878	3267	13067
MSC Geneva	928	130	38	62,702	2	4	789	650	950	878	3267	13067
Amsterdam	781	106	26	62,735	2	4	664	530	650	878	2722	10889
Rio Barrow	901	130	35	65,059	1	2	766	650	875	911	3202	6403
MSC Marta	902	130	38	65,483	3	6	767	650	950	917	3283	19701
Tabea	904	130	35	66,280	8	16	768	650	875	928	3221	51541
MSC Krystal	909	130	39	66,399	1	2	773	650	975	930	3327	6654
MSC Margarita	910	130	38	66,500	1	2	774	650	950	931	3305	6609
Apollon Leader	656	105	24	67,008	1	2	558	525	600	938	2621	5241
Crystal Serenity	829	105	25	68,870	5	10	705	525	625	964	2819	28188
Oriana	856	106	27	69,840	1	2	728	530	675	978	2910	5821
Monte Azul	892	130	32	69,132	7	14	758	650	800	968	3176	44465
Monte Aconcagua	892	130	32	69,132	7	14	758	650	800	968	3176	44465
Monte Rosa	892	130	32	69,132	7	14	758	650	800	968	3176	44465
Monte Tamaro	892	130	32	69,132	8	16	758	650	800	968	3176	50817
Cap Andreas	889	141	33	69,809	7	14	756	705	825	977	3263	45682
		Avg. Draft	**31**			**160**						**490023**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
70,000 to 90,000 GT						
Carnival Sensation	856	102	27	70,538	1	2
Oceana	856	106	27	77,499	1	2
MSC Marina	997	130	38	73,813	3	6
MSC Michaela	997	130	37	73,819	3	6
MSC Barbara	997	130	37	73,819	1	2
MSC Stella	997	130	38	73,819	7	14
MSC Methoni	997	130	37	73,819	6	12
MSC Marianna	997	130	39	73,819	3	6
Sealand Illinois	997	130	36	74,583	5	10
Sealand Michigan	997	130	37	74,583	7	14
Sealand Washington	997	130	38	74,586	3	6
MSC Kalamata	998	130	39	74,656	2	4
Maersk Kobe	997	130	36	74,661	1	2
Sealand New York	997	130	36	74,661	7	14
MSC Vanessa	984	130	36	75,590	7	14
MSC Ilona	984	130	37	75,590	1	2
MSC Laura	984	130	39	75,590	2	4
MSC Maureen	984	130	38	75,590	5	10
MSC Alessia	984	130	39	75,590	2	4
MSC Florentina	984	130	40	75,590	3	6
Northern Majestic	984	130	40	75,590	2	4
MSC Luisa	984	130	40	75,590	1	2
Oosterdam	936	106	26	82,305	3	6
Westerdam	935	106	26	82,348	4	8
Zuiderdam	936	106	26	82,820	18	36
Enchantment Of The Seas	990	106	25	82,910	2	4
Nieuw Amsterdam	936	106	26	86,273	23	46
Eurodam	936	106	26	86,273	23	46
MSC Toronto	1,066	140	37	89,954	5	10
		Avg. Draft	**35**			**302**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
728	510	675	988	2900	5800
728	530	675	1085	3018	6035
847	650	950	1033	3481	20885
847	650	925	1033	3456	20735
847	650	925	1033	3456	6912
847	650	950	1033	3481	48733
847	650	925	1033	3456	41471
847	650	975	1033	3506	21035
847	650	900	1044	3442	34416
847	650	925	1044	3467	48533
847	650	950	1044	3492	20950
848	650	975	1045	3518	14074
847	650	900	1045	3443	6885
847	650	900	1045	3443	48198
836	650	900	1058	3445	48225
836	650	925	1058	3470	6939
836	650	975	1058	3520	14079
836	650	950	1058	3495	34947
836	650	975	1058	3520	14079
836	650	1000	1058	3545	21268
836	650	1000	1058	3545	14179
836	650	1000	1058	3545	7089
796	530	650	1152	3128	18767
795	530	650	1153	3128	25021
796	530	650	1159	3135	112863
842	530	625	1161	3157	12629
796	530	650	1208	3183	146437
796	530	650	1208	3183	146437
906	700	925	1259	3790	37905
					1005527

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
90,001 + GT												
Queen Victoria	965	106	26	90,949	2	4	820	530	650	1273	3274	13094
Serenade Of The Seas	962	106	27	90,090	19	38	818	530	675	1261	3284	124790
Celebrity Infinity	965	106	27	90,280	3	6	820	530	675	1264	3289	19735
Queen Elizabeth	964	106	26	90,901	1	2	819	530	650	1273	3272	6544
Celebrity Summit	946	106	27	90,940	12	24	804	530	675	1273	3282	78774
Coral Princess	965	106	27	91,627	15	30	820	530	675	1283	3308	99241
Costa Deliziosa	964	106	27	92,720	10	20	819	530	675	1298	3322	66450
Island Princess	965	106	27	92,822	9	18	820	530	675	1300	3325	59846
Koningsdam	984	115	26	99,836	19	38	836	575	650	1398	3459	131446
Carnival Conquest	952	116	27	110,239	59	118	809	580	675	1543	3608	425690
Caribbean Princess	959	118	28	112,894	22	44	815	590	700	1581	3686	162169
Carvival Splendor	952	116	27	113,323	25	50	809	580	675	1587	3651	182536
Crown Princess	947	118	28	113,561	13	26	805	590	700	1590	3685	95805
Celebrity Equinox	1,041	121	29	121,878	12	24	885	605	725	1706	3921	94107
Celebrity Silhouette	1,033	121	28	122,400	23	46	878	605	700	1714	3897	179246
Celebrity Reflection	1,047	123	28	125,366	6	12	890	615	700	1755	3960	47521
Adventure Of The Seas	1,020	126	30	137,276	2	4	867	630	750	1922	4169	16675
Regal Princess	1,082	126	28	142,714	20	40	920	630	700	1998	4248	169908
Royal Princess	1,082	126	28	142,714	20	40	920	630	700	1998	4248	169908
Independence Of The Seas	1,112	127	29	154,407	32	64	945	635	725	2162	4467	285881
Freedom Of The Seas	1,112	127	29	160,000	25	50	945	635	725	2240	4545	227260
Allure Of The Seas	1,184	154	30	225,282	53	106	1006	770	750	3154	5680	602117
Harmony Of The Seas	1,188	154	30	226,963	52	104	1010	770	750	3177	5707	593557
		Avg. Draft	**28**			**908**						**3852302**
				Total Moves		**8020**				**Total Revenue (proposed price of LOA drop .85, .75)**		**$14,571,599**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx			
						Total Revenue (Proposed at 30, 22.5)	**$ 15,904,097**
Draft	2,390,191	2,387,343	4,998,659	5,020,754		**Decrease in Rev with price drop**	$ 1,332,498
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005			
beam			3,075,787	3,087,297			
loa			4,156,414	4,171,040			
Shift	162,300		0				
Anchor	0		0				
Hawser	10,700		0				
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776		

Proposed Option 3

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	0.85	0.65
Beam	4.5	3.25
Draft	25	18
GT	0.014	0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
0000 - 2,000 GT						
Crosby Trinity	100	29	12	98	4	8
Delta Faith	95	26	8	197	2	4
Crosby Integrity	96	30	8	96	5	10
Crosby Light	100	27	10	165	5	10
RV Endeavor	185	33	18	298	2	4
Vi-Nais	190	38	8	487	5	10
Stad Amsterdam	218	35	15	723	2	4
Cape Mail	220	40	9	858	97	194
Champion III	179	59	8	1090	23	46
Transport Express	209	46	8	1042	20	40
Alucia	183	39	15	1142	4	8
Pelagic Express	267	43	10	1867	56	112
Misc Other Vessels	220	41	10	1146	20	40
	Avg. Draft		**11**			**490**

Proposed Rate (FL Modified Box Formula)

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
65	98	324	53	539	4312
65	98	324	53	539	2156
65	98	324	53	539	5390
65	98	324	53	539	5390
120	107	324	53	604	2416
124	124	324	53	624	6235
142	114	324	53	632	2528
143	130	324	53	650	126003
116	192	324	53	685	31492
136	150	324	53	662	26474
119	127	324	53	622	4978
174	140	324	53	690	77258
143	133	324	53	653	26110
					320741

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
2,001 - 5,000 GT						
Orion	298	45	10	2035	28	56
Charlotte	298	45	11	2035	24	48
Fiesta Mail	246	28	10	2845	24	48
Jan Caribe	310	52	18	2749	49	98
Caribe Mariner	327	54	18	2899	57	114
Allegro	323	56	18	2984	117	234
Caribe Navigator	328	55	18	2996	57	114
Vanquish	328	52	18	3871	52	104
JAUME 1	250	80	11	3989	263	526
Planet V	382	63	18	4984	28	56
Misc Other Vessel	279	48	18	5000	172	344
		Avg. Draft	**15**			**1742**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
194	146	324	53	716	40121
194	146	324	53	716	34390
160	91	324	53	627	30115
202	169	324	53	747	73206
213	176	324	53	765	87159
210	182	324	53	768	179817
213	179	324	53	768	87603
213	169	324	53	759	78905
163	260	324	53	799	420274
248	205	324	53	830	46455
181	156	324	53	714	245564
					1323609

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
5,001-10,000 GT						
Pearl Mist	327	55	11	5109	17	34
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28
Delphinus	400	63	18	5730	12	24
Greenfast	387	64	18	5522	10	20
SCM Elpida	354	60	18	6170	11	22
Tramper	330	70	18	6714	5	10
Regula	436	63	19	7219	32	64
Pavo J	458	74	19	8246	50	100
K Breeze	458	72	18	8246	57	114
Pegasus J	458	73	19	8273	58	116
Paradero	458	74	18	8246	50	100
Tucana J	458	74	18	8246	58	116
Deneb J	458	73	18	8280	67	134
Frederick E Bouchard & B220	400	78	18	9076	10	20
Boston Trader	481	74	20	9528	20	40
JSP Amihan	456	75	19	9996	78	156
Vega Luna	485	76	21	9940	34	68
Hohebank	456	74	20	9996	33	66
Misc Other Vessel	435	70	18	9785	168	336
		Avg. Draft	**18**			**1568**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
213	179	324	54	769	26144
231	195	324	59	809	22648
260	205	324	60	849	20374
252	208	324	58	842	16831
230	195	324	65	814	17905
215	228	324	70	836	8365
283	205	342	76	906	57981
298	241	342	87	967	96678
298	234	324	87	942	107420
298	237	342	87	964	111803
298	241	324	87	949	94878
298	241	324	87	949	110059
298	237	324	87	946	126749
260	254	324	95	933	18656
313	241	360	100	1013	40528
296	244	342	105	987	153989
315	247	378	104	1045	71034
296	241	360	105	1002	66123
283	228	324	103	937	314829
					1482994

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		426	351	525	147	1448	23175
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		390	324	550	159	1423	11381
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		463	351	550	163	1528	42772
Weisshorn	516	78	22	12029	43	86		439	351	550	168	1508	129689
Rothorn	516	78	22	12029	37	74		439	351	550	168	1508	111592
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		439	351	500	171	1461	29212
Super Servant 4	556	106	18	12642	4	8		473	477	450	177	1577	12613
Deltagracht	515	75	23	13706	9	18		438	338	575	192	1542	27758
Achievement & 650-8	587	74	22	14518	8	16		499	333	550	203	1585	25363
Stadt Jena	546	83	21	15375	11	22		464	374	525	215	1578	34713
Stadt Gera	545	82	24	15375	18	36		463	369	600	215	1648	59310
AS Fiorella	545	82	22	15375	36	72		463	369	550	215	1598	115020
AS Frederica	545	82	22	15375	35	70		463	369	550	215	1598	111825
Warnow Whale	545	82	22	15375	13	26		463	369	550	215	1598	41535
Fouma	545	82	22	15375	14	28		463	369	550	215	1598	44730
Mercs Jaffna	528	82	26	15636	11	22		449	369	650	219	1687	37107
Dole Ecuador	587	89	25	16488	24	48		499	401	625	231	1755	84254
Silver Wind	611	90	18	17235	4	8		519	405	450	241	1616	12925
Dole Honduras	587	89	25	16657	25	50		499	401	625	233	1758	87882
Yacht Express	686	106	21	17951	9	18		583	477	525	251	1836	33055
Lion	618	87	22	19131	28	56		525	392	550	268	1735	97140
Misc Other Vessel	552	83	22	15909	142	284		469	376	550	223	1618	459470
		Avg. Draft	**22**			**1014**							**1632522**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
20,001-30,000 GT												
Melbourne Strait	590	91	22	21018	40	80	502	410	550	294	1755	140420
FS Ipanema	590	91	22	21018	33	66	502	410	550	294	1755	115847
Kim Bouchard & B270	628	91	26	21200	21	42	534	410	650	297	1890	79384
Jacob Rickmers	646	92	28	21971	8	16	549	414	700	308	1971	31531
Jacob	646	91	30	21971	17	34	549	410	750	308	2016	68551
Aggeliki P	617	98	27	23809	6	12	524	441	675	333	1974	23685
Independence	610	105	32	24837	17	34	519	473	800	348	2139	72716
JPO Aquarius	680	98	26	25361	11	22	578	441	650	355	2024	44529
MSC Weser	683	98	25	25703	10	20	581	441	625	360	2006	40128
Hammonia Palatium	686	98	31	26435	8	16	583	441	775	370	2169	34707
Spirit of Tokyo	689	98	28	26582	19	38	586	441	700	372	2099	79754
Margarete Schulte	689	98	26	26671	17	34	586	441	650	373	2050	69701
E.R. Caen	689	98	24	26836	11	22	586	441	600	376	2002	44052
E.R. Calais	695	98	28	27059	16	32	591	441	700	379	2111	67538
MSC Zebra	695	98	26	27093	11	22	591	441	650	379	2061	45343
MSC Corinna	689	98	26	27100	11	22	586	441	650	379	2056	45233
Legend & 750-2	595	105	30	27403	16	32	506	473	750	384	2112	67581
Silver Whisper	611	90	19	28258	2	4	519	405	475	396	1795	7180
Overseas Chinook	614	105	30	29234	5	10	522	473	750	409	2154	21537
Overseas Anacortes	601	105	32	29242	17	34	511	473	800	409	2193	74553
Florida	601	105	30	29242	17	34	511	473	750	409	2143	72853
Sunshine State	601	105	31	29527	11	22	511	473	775	413	2172	47778
Golden State	605	105	30	29527	20	40	514	473	750	413	2150	86005
West Virginia	601	105	31	29801	15	30	511	473	775	417	2176	65267
Louisiana	601	105	31	29801	14	28	511	473	775	417	2176	60916
American Freedom	601	105	31	29801	13	26	511	473	775	417	2176	56565
Lone Star State	610	105	30	29923	21	42	519	473	750	419	2160	90717
Misc Other Vessel	636	99	28	28859	103	206	540	447	696	404	2087	430019
		Avg. Draft	**28**			**1020**						**2084091**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
30,001 - 40,000 GT												
SR American Progress	601	106	30	30415	12	24	511	477	750	426	2164	51928
Pacific Princess	592	84	18	30312	5	10	503	378	450	424	1756	17556
Seabulk Arctic	600	106	30	30415	26	52	510	477	750	426	2163	112466
Florida Voyager	601	106	30	30415	10	20	511	477	750	426	2164	43273
Adonia	592	84	18	30277	2	4	503	378	450	424	1755	7020
Oregon Voyager	600	106	30	30770	28	56	510	477	750	431	2168	121396
Brenton Reef	620	106	30	30770	5	10	527	477	750	431	2185	21848
Seabourne Odyssey	659	99	22	32328	2	4	560	446	550	453	2008	8033
Seabourne Quest	650	98	22	32477	1	2	553	441	550	455	1998	3996
Silver Spirit	642	87	21	36009	4	8	546	392	525	504	1966	15731
Prinsendam	669	106	23	38848	5	10	569	477	575	544	2165	21645
Seabulk Trader	630	106	30	32328	5	10	536	477	750	453	2215	22151
Rio Grand Delhi Express	853	106	36	39941	7	14	725	477	900	559	2661	37257
Seaspan Saigon	854	106	39	39941	5	10	726	477	975	559	2737	27371
Misc Other Vessel	655	100	30	32258	32	64	556	450	750	452	2208	141308
		Avg. Draft	**27**			**298**						**652979**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	678	473	750	562	2463	44331
Charleston Express	798	105	30	40146	9	18	678	473	750	562	2463	44331
Yorktown Express	798	105	30	40146	9	18	678	473	750	562	2463	44331
Philadelphia Express	798	105	30	40146	8	16	678	473	750	562	2463	39406
Washington Express	798	105	30	40146	8	16	678	473	750	562	2463	39406
Elisabeth-S	856	105	33	40451	16	32	728	473	825	566	2591	82925
Rudolph Schepers	856	105	32	40451	5	10	728	473	800	566	2566	25664
Spirit of Lisbon	856	105	32	40451	11	22	728	473	800	566	2566	56461
Silver Muse	698	89	21	40791	3	6	593	401	525	571	2090	12539
JPO Libra	886	105	32	41359	17	34	753	473	800	579	2605	88557
JPO Capricornus	886	105	32	41359	15	30	753	473	800	579	2605	78139
SCF Pacifica	622	105	28	42208	4	8	529	473	700	591	2292	18337
Limari	882	105	32	42382	17	34	750	473	800	593	2616	88929
Hoegh Inchon	589	105	23	44219	12	24	501	473	575	619	2167	52013
Hoegh Masan	588	105	23	44219	8	16	500	473	575	619	2166	34662
Dublin Express	922	105	32	46009	15	30	784	473	800	644	2700	81010
Hoegh Maputo	599	105	26	47232	3	6	509	473	650	661	2293	13757
Bea Schulte	867	105	34	47877	8	16	737	473	850	670	2730	43676
Misc Other Vessels	783	104	30	42233	37	74	666	469	750	591	2475	183184
		Avg. Draft	**29**			**428**						**1071657**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	814	473	800	710	2796	22371
Maersk Iowa	958	105	32	50686	3	6	814	473	800	710	2796	16778
Maersk Montana	958	105	33	50686	3	6	814	473	825	710	2821	16928
Maersk Idaho	958	105	34	50686	4	8	814	473	850	710	2846	22771
Maersk Kentucky	958	105	34	50686	4	8	814	473	850	710	2846	22771
MSC Carmen	902	105	39	50963	1	2	767	473	975	713	2928	5855
Hoegh Yokohama	590	105	25	51770	4	8	502	473	625	725	2324	18590
Hoegh Osaka	593	105	26	51770	3	6	504	473	650	725	2351	14108
Maasdam	719	101	25	55575	2	4	611	455	625	778	2469	9875
Triumph Ace	656	106	29	55880	1	2	558	477	725	782	2542	5084
Veendam	720	101	25	57092	7	14	612	455	625	799	2491	34871
Martorell	655	105	29	57789	7	14	557	473	725	809	2563	35886
Dignity Ace	656	105	31	58767	1	2	558	473	775	823	2628	5256
Prime Ace	656	105	29	59007	1	2	558	473	725	826	2581	5162
		Avg. Draft	**30**			**90**						**236308**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	558	473	775	841	2646	5292
Auriga Leader	656	105	26	60,213	2	4	558	473	650	843	2523	10092
Antares Leader	656	105	26	60,284	1	2	558	473	650	844	2524	5048
Altair Leader	657	105	25	60,295	1	2	558	473	625	844	2500	5000
Carnation Ace	656	105	29	60,975	1	2	558	473	725	854	2609	5218
Demeter Leader	656	105	26	61,804	1	2	558	473	650	865	2545	5091
Rotterdam	781	106	27	61,849	7	14	664	477	675	866	2682	37544
MSC Cadiz	887	130	40	61,870	1	2	754	585	1000	866	3205	6410
MSC Barcelona	887	130	40	61,870	1	2	754	585	1000	866	3205	6410
Centaurus Leader	656	105	24	62,195	1	2	558	473	600	871	2501	5002
MSC Carouge	928	130	38	62,702	2	4	789	585	950	878	3202	12807
MSC Geneva	928	130	38	62,702	2	4	789	585	950	878	3202	12807
Amsterdam	781	106	26	62,735	2	4	664	477	650	878	2669	10677
Rio Barrow	901	130	35	65,059	1	2	766	585	875	911	3137	6273
MSC Marta	902	130	38	65,483	3	6	767	585	950	917	3218	19311
Tabea	904	130	35	66,280	8	16	768	585	875	928	3156	50501
MSC Krystal	909	130	39	66,399	1	2	773	585	975	930	3262	6524
MSC Margarita	910	130	38	66,500	1	2	774	585	950	931	3240	6479
Apollon Leader	656	105	24	67,008	1	2	558	473	600	938	2568	5136
Crystal Serenity	829	105	25	68,870	5	10	705	473	625	964	2766	27663
Oriana	856	106	27	69,840	1	2	728	477	675	978	2857	5715
Monte Azul	892	130	32	69,132	7	14	758	585	800	968	3111	43555
Monte Aconcagua	892	130	32	69,132	7	14	758	585	800	968	3111	43555
Monte Rosa	892	130	32	69,132	7	14	758	585	800	968	3111	43555
Monte Tamaro	892	130	32	69,132	8	16	758	585	800	968	3111	49777
Cap Andreas	889	141	33	69,809	7	14	756	635	825	977	3192	44695
		Avg. Draft	**31**			**160**						**480136**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
70,000 to 90,000 GT						
Carnival Sensation	856	102	27	70,538	1	2
Oceana	856	106	27	77,499	1	2
MSC Marina	997	130	38	73,813	3	6
MSC Michaela	997	130	37	73,819	3	6
MSC Barbara	997	130	37	73,819	1	2
MSC Stella	997	130	38	73,819	7	14
MSC Methoni	997	130	37	73,819	6	12
MSC Marianna	997	130	39	73,819	3	6
Sealand Illinois	997	130	36	74,583	5	10
Sealand Michigan	997	130	37	74,583	7	14
Sealand Washington	997	130	38	74,586	3	6
MSC Kalamata	998	130	39	74,656	2	4
Maersk Kobe	997	130	36	74,661	1	2
Sealand New York	997	130	36	74,661	7	14
MSC Vanessa	984	130	36	75,590	7	14
MSC Ilona	984	130	37	75,590	1	2
MSC Laura	984	130	39	75,590	2	4
MSC Maureen	984	130	38	75,590	5	10
MSC Alessia	984	130	39	75,590	2	4
MSC Florentina	984	130	40	75,590	3	6
Northern Majestic	984	130	40	75,590	2	4
MSC Luisa	984	130	40	75,590	1	2
Oosterdam	936	106	26	82,305	3	6
Westerdam	935	106	26	82,348	4	8
Zuiderdam	936	106	26	82,820	18	36
Enchantment Of The Seas	990	106	25	82,910	2	4
Nieuw Amsterdam	936	106	26	86,273	23	46
Eurodam	936	106	26	86,273	23	46
MSC Toronto	1,066	140	37	89,954	5	10
		Avg. Draft	**35**			**302**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
728	459	675	988	2849	5698
728	477	675	1085	2965	5929
847	585	950	1033	3416	20495
847	585	925	1033	3391	20345
847	585	925	1033	3391	6782
847	585	950	1033	3416	47823
847	585	925	1033	3391	40691
847	585	975	1033	3441	20645
847	585	900	1044	3377	33766
847	585	925	1044	3402	47623
847	585	950	1044	3427	20560
848	585	975	1045	3453	13814
847	585	900	1045	3378	6755
847	585	900	1045	3378	47288
836	585	900	1058	3380	47315
836	585	925	1058	3405	6809
836	585	975	1058	3455	13819
836	585	950	1058	3430	34297
836	585	975	1058	3455	13819
836	585	1000	1058	3480	20878
836	585	1000	1058	3480	13919
836	585	1000	1058	3480	6959
796	477	650	1152	3075	18449
795	477	650	1153	3075	24597
796	477	650	1159	3082	110955
842	477	625	1161	3104	12417
796	477	650	1208	3130	143999
796	477	650	1208	3130	143999
906	630	925	1259	3720	37205
					987651

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
90,001 + GT												
Queen Victoria	965	106	26	90,949	2	4	820	477	650	1273	3221	12882
Serenade Of The Seas	962	106	27	90,090	19	38	818	477	675	1261	3231	122776
Celebrity Infinity	965	106	27	90,280	3	6	820	477	675	1264	3236	19417
Queen Elizabeth	964	106	26	90,901	1	2	819	477	650	1273	3219	6438
Celebrity Summit	946	106	27	90,940	12	24	804	477	675	1273	3229	77502
Coral Princess	965	106	27	91,627	15	30	820	477	675	1283	3255	97651
Costa Deliziosa	964	106	27	92,720	10	20	819	477	675	1298	3269	65390
Island Princess	965	106	27	92,822	9	18	820	477	675	1300	3272	58892
Koningsdam	984	115	26	99,836	19	38	836	518	650	1398	3402	129261
Carnival Conquest	952	116	27	110,239	59	118	809	522	675	1543	3550	418846
Caribbean Princess	959	118	28	112,894	22	44	815	531	700	1581	3627	159573
Carvival Splendor	952	116	27	113,323	25	50	809	522	675	1587	3593	179636
Crown Princess	947	118	28	113,561	13	26	805	531	700	1590	3626	94271
Celebrity Equinox	1,041	121	29	121,878	12	24	885	545	725	1706	3861	92655
Celebrity Silhouette	1,033	121	28	122,400	23	46	878	545	700	1714	3836	176463
Celebrity Reflection	1,047	123	28	125,366	6	12	890	554	700	1755	3899	46783
Adventure Of The Seas	1,020	126	30	137,276	2	4	867	567	750	1922	4106	16423
Regal Princess	1,082	126	28	142,714	20	40	920	567	700	1998	4185	167388
Royal Princess	1,082	126	28	142,714	20	40	920	567	700	1998	4185	167388
Independence Of The Seas	1,112	127	29	154,407	32	64	945	572	725	2162	4403	281817
Freedom Of The Seas	1,112	127	29	160,000	25	50	945	572	725	2240	4482	224085
Allure Of The Seas	1,184	154	30	225,282	53	106	1006	693	750	3154	5603	593955
Harmony Of The Seas	1,188	154	30	226,963	52	104	1010	693	750	3177	5630	585549
		Avg. Draft	**28**			**908**						**3795043**
					Total Moves	**8020**					**Total Revenue (proposed price drop LOA .85, .65; Beam 4.5, 3.25; Draft 25, 18)**	**$14,067,730**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx	
Draft	2,390,191	2,387,343	4,998,659	5,020,754	
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005	
beam			3,075,787	3,087,297	
loa			4,156,414	4,171,040	
Shift	162,300		0		
Anchor	0		0		
Hawser	10,700		0		
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776

Total Revenue (Proposed at LOA 1, .75; Beam 5, 3.75; Draft 30, 22.5)	**$**	**15,904,097**
Decrease in Rev with price drop	$	1,836,367

Proposed Option 4

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	0.85	0.6
Beam	4.25	3
Draft	24	17.25
GT	0.013	0.009

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	Proposed Rate (FL Modified Box Formula) LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
0000 - 2,000 GT												
Crosby Trinity	100	29	12	98	4	8	60	90	311	45	506	4044
Delta Faith	95	26	8	197	2	4	60	90	311	45	506	2022
Crosby Integrity	96	30	8	96	5	10	60	90	311	45	506	5055
Crosby Light	100	27	10	165	5	10	60	90	311	45	506	5055
RV Endeavor	185	33	18	298	2	4	111	99	311	45	566	2262
Vi-Nais	190	38	8	487	5	10	114	114	311	45	584	5835
Stad Amsterdam	218	35	15	723	2	4	131	105	311	45	591	2365
Cape Mail	220	40	9	858	97	194	132	120	311	45	608	117855
Champion III	179	59	8	1090	23	46	107	177	311	45	640	29435
Transport Express	209	46	8	1042	20	40	125	138	311	45	619	24756
Alucia	183	39	15	1142	4	8	110	117	311	45	582	4658
Pelagic Express	267	43	10	1867	56	112	160	129	311	45	645	72206
Misc Other Vessels	220	41	10	1146	20	40	132	123	311	45	611	24420
	Avg. Draft		**11**			**490**						**299969**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
2,001 - 5,000 GT						
Orion	298	45	10	2035	28	56
Charlotte	298	45	11	2035	24	48
Fiesta Mail	246	28	10	2845	24	48
Jan Caribe	310	52	18	2749	49	98
Caribe Mariner	327	54	18	2899	57	114
Allegro	323	56	18	2984	117	234
Caribe Navigator	328	55	18	2996	57	114
Vanquish	328	52	18	3871	52	104
JAUME 1	250	80	11	3989	263	526
Planet V	382	63	18	4984	28	56
Misc Other Vessel	279	48	18	5000	172	344
		Avg. Draft	**15**			**1742**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
179	135	311	45	669	37481
179	135	311	45	669	32126
148	84	311	45	587	28181
186	156	311	45	698	68355
196	162	311	45	714	81362
194	168	311	45	717	167848
197	165	311	45	717	81772
197	156	311	45	708	73663
150	240	311	45	746	392133
229	189	311	45	774	43327
167	144	311	45	667	229414
					1235662

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
5,001-10,000 GT												
Pearl Mist	327	55	11	5109	17	34	196	165	311	46	718	24401
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28	213	180	311	51	754	21117
Delphinus	400	63	18	5730	12	24	240	189	311	52	791	18986
Greenfast	387	64	18	5522	10	20	232	192	311	50	784	15688
SCM Elpida	354	60	18	6170	11	22	212	180	311	56	758	16685
Tramper	330	70	18	6714	5	10	198	210	311	60	779	7789
Regula	436	63	19	7219	32	64	262	189	328	65	843	53973
Pavo J	458	74	19	8246	50	100	275	222	328	74	899	89876
K Breeze	458	72	18	8246	57	114	275	216	311	74	876	99809
Pegasus J	458	73	19	8273	58	116	275	219	328	74	896	103937
Paradero	458	74	18	8246	50	100	275	222	311	74	882	88151
Tucana J	458	74	18	8246	58	116	275	222	311	74	882	102256
Deneb J	458	73	18	8280	67	134	275	219	311	75	879	117762
Frederick E Bouchard & B220	400	78	18	9076	10	20	240	234	311	82	866	17324
Boston Trader	481	74	20	9528	20	40	289	222	345	86	941	37654
JSP Amihan	456	75	19	9996	78	156	274	225	328	90	916	142945
Vega Luna	485	76	21	9940	34	68	291	228	362	89	971	66008
Hohebank	456	74	20	9996	33	66	274	222	345	90	931	61417
Misc Other Vessel	435	70	18	9785	168	336	261	210	311	88	870	292174
		Avg. Draft	**18**			**1568**						**1377951**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		426	332	504	136	1397	22359
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		390	306	528	147	1371	10971
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		463	332	528	152	1474	41284
Weisshorn	516	78	22	12029	43	86		439	332	528	156	1454	125085
Rothorn	516	78	22	12029	37	74		439	332	528	156	1454	107631
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		439	332	480	159	1409	28178
Super Servant 4	556	106	18	12642	4	8		473	451	432	164	1519	12156
Deltagracht	515	75	23	13706	9	18		438	319	552	178	1487	26760
Achievement & 650-8	587	74	22	14518	8	16		499	315	528	189	1530	24483
Stadt Jena	546	83	21	15375	11	22		464	353	504	200	1521	33456
Stadt Gera	545	82	24	15375	18	36		463	349	576	200	1588	57155
AS Fiorella	545	82	22	15375	36	72		463	349	528	200	1540	110853
AS Frederica	545	82	22	15375	35	70		463	349	528	200	1540	107774
Warnow Whale	545	82	22	15375	13	26		463	349	528	200	1540	40030
Fouma	545	82	22	15375	14	28		463	349	528	200	1540	43110
Mercs Jaffna	528	82	26	15636	11	22		449	349	624	203	1625	35740
Dole Ecuador	587	89	25	16488	24	48		499	378	600	214	1692	81194
Silver Wind	611	90	18	17235	4	8		519	383	432	224	1558	12463
Dole Honduras	587	89	25	16657	25	50		499	378	600	217	1694	84687
Yacht Express	686	106	21	17951	9	18		583	451	504	233	1771	31877
Lion	618	87	22	19131	28	56		525	370	528	249	1672	93618
Misc Other Vessel	552	83	22	15909	142	284		469	355	528	207	1559	442777
		Avg. Draft	**22**			**1014**							**1573641**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
20,001-30,000 GT												
Melbourne Strait	590	91	22	21018	40	80	502	387	528	273	1689	135159
FS Ipanema	590	91	22	21018	33	66	502	387	528	273	1689	111506
Kim Bouchard & B270	628	91	26	21200	21	42	534	387	624	276	1820	76446
Jacob Rickmers	646	92	28	21971	8	16	549	391	672	286	1898	30364
Jacob	646	91	30	21971	17	34	549	387	720	286	1941	66010
Aggeliki P	617	98	27	23809	6	12	524	417	648	310	1898	22782
Independence	610	105	32	24837	17	34	519	446	768	323	2056	69891
JPO Aquarius	680	98	26	25361	11	22	578	417	624	330	1948	42860
MSC Weser	683	98	25	25703	10	20	581	417	600	334	1931	38624
Hammonia Palatium	686	98	31	26435	8	16	583	417	744	344	2087	33396
Spirit of Tokyo	689	98	28	26582	19	38	586	417	672	346	2020	76749
Margarete Schulte	689	98	26	26671	17	34	586	417	624	347	1973	67078
E.R. Caen	689	98	24	26836	11	22	586	417	576	349	1927	42394
E.R. Calais	695	98	28	27059	16	32	591	417	672	352	2031	64993
MSC Zebra	695	98	26	27093	11	22	591	417	624	352	1983	43636
MSC Corinna	689	98	26	27100	11	22	586	417	624	352	1978	43526
Legend & 750-2	595	105	30	27403	16	32	506	446	720	356	2028	64904
Silver Whisper	611	90	19	28258	2	4	519	383	456	367	1725	6901
Overseas Chinook	614	105	30	29234	5	10	522	446	720	380	2068	20682
Overseas Anacortes	601	105	32	29242	17	34	511	446	768	380	2105	71578
Florida	601	105	30	29242	17	34	511	446	720	380	2057	69946
Sunshine State	601	105	31	29527	11	22	511	446	744	384	2085	45869
Golden State	605	105	30	29527	20	40	514	446	720	384	2064	82574
West Virginia	601	105	31	29801	15	30	511	446	744	387	2089	62655
Louisiana	601	105	31	29801	14	28	511	446	744	387	2089	58478
American Freedom	601	105	31	29801	13	26	511	446	744	387	2089	54301
Lone Star State	610	105	30	29923	21	42	519	446	720	389	2074	87097
Misc Other Vessel	636	99	28	28859	103	206	540	422	668	375	2006	413223
		Avg. Draft	**28**			**1020**						**2003623**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
30,001 - 40,000 GT												
SR American Progress	601	106	30	30415	12	24	511	451	720	395	2077	49842
Pacific Princess	592	84	18	30312	5	10	503	357	432	394	1686	16863
Seabulk Arctic	600	106	30	30415	26	52	510	451	720	395	2076	107947
Florida Voyager	601	106	30	30415	10	20	511	451	720	395	2077	41535
Adonia	592	84	18	30277	2	4	503	357	432	394	1686	6743
Oregon Voyager	600	106	30	30770	28	56	510	451	720	400	2081	116509
Brenton Reef	620	106	30	30770	5	10	527	451	720	400	2098	20975
Seabourne Odyssey	659	99	22	32328	2	4	560	421	528	420	1929	7717
Seabourne Quest	650	98	22	32477	1	2	553	417	528	422	1919	3838
Silver Spirit	642	87	21	36009	4	8	546	370	504	468	1888	15101
Prinsendam	669	106	23	38848	5	10	569	451	552	505	2076	20762
Seabulk Trader	630	106	30	32328	5	10	536	451	720	420	2126	21263
Rio Grand Delhi Express	853	106	36	39941	7	14	725	451	864	519	2559	35823
Seaspan Saigon	854	106	39	39941	5	10	726	451	936	519	2632	26316
Misc Other Vessel	655	100	30	32258	32	64	556	425	720	419	2121	135723
		Avg. Draft	**27**			**298**						**626955**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	678	446	720	522	2366	42596
Charleston Express	798	105	30	40146	9	18	678	446	720	522	2366	42596
Yorktown Express	798	105	30	40146	9	18	678	446	720	522	2366	42596
Philadelphia Express	798	105	30	40146	8	16	678	446	720	522	2366	37863
Washington Express	798	105	30	40146	8	16	678	446	720	522	2366	37863
Elisabeth-S	856	105	33	40451	16	32	728	446	792	526	2492	79735
Rudolph Schepers	856	105	32	40451	5	10	728	446	768	526	2468	24677
Spirit of Lisbon	856	105	32	40451	11	22	728	446	768	526	2468	54290
Silver Muse	698	89	21	40791	3	6	593	378	504	530	2006	12035
JPO Libra	886	105	32	41359	17	34	753	446	768	538	2505	85171
JPO Capricornus	886	105	32	41359	15	30	753	446	768	538	2505	75151
SCF Pacifica	622	105	28	42208	4	8	529	446	672	549	2196	17565
Limari	882	105	32	42382	17	34	750	446	768	551	2515	85507
Hoegh Inchon	589	105	23	44219	12	24	501	446	552	575	2074	49770
Hoegh Masan	588	105	23	44219	8	16	500	446	552	575	2073	33166
Dublin Express	922	105	32	46009	15	30	784	446	768	598	2596	77882
Hoegh Maputo	599	105	26	47232	3	6	509	446	624	614	2193	13160
Bea Schulte	867	105	34	47877	8	16	737	446	816	622	2622	41946
Misc Other Vessels	783	104	30	42233	37	74	666	442	720	549	2377	175912
		Avg. Draft	**29**			**428**						**1029481**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	814	446	768	659	2687	21500
Maersk Iowa	958	105	32	50686	3	6	814	446	768	659	2687	16125
Maersk Montana	958	105	33	50686	3	6	814	446	792	659	2711	16269
Maersk Idaho	958	105	34	50686	4	8	814	446	816	659	2735	21884
Maersk Kentucky	958	105	34	50686	4	8	814	446	816	659	2735	21884
MSC Carmen	902	105	39	50963	1	2	767	446	936	663	2811	5623
Hoegh Yokohama	590	105	25	51770	4	8	502	446	600	673	2221	17766
Hoegh Osaka	593	105	26	51770	3	6	504	446	624	673	2247	13484
Maasdam	719	101	25	55575	2	4	611	429	600	722	2363	9452
Triumph Ace	656	106	29	55880	1	2	558	451	696	726	2431	4861
Veendam	720	101	25	57092	7	14	612	429	600	742	2383	33368
Martorell	655	105	29	57789	7	14	557	446	696	751	2450	34304
Dignity Ace	656	105	31	58767	1	2	558	446	744	764	2512	5024
Prime Ace	656	105	29	59007	1	2	558	446	696	767	2467	4934
		Avg. Draft	**30**			**90**						**226476**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	558	446	744	781	2529	5057
Auriga Leader	656	105	26	60,213	2	4	558	446	624	783	2411	9642
Antares Leader	656	105	26	60,284	1	2	558	446	624	784	2412	4823
Altair Leader	657	105	25	60,295	1	2	558	446	600	784	2389	4777
Carnation Ace	656	105	29	60,975	1	2	558	446	696	793	2493	4985
Demeter Leader	656	105	26	61,804	1	2	558	446	624	803	2431	4863
Rotterdam	781	106	27	61,849	7	14	664	451	648	804	2566	35929
MSC Cadiz	887	130	40	61,870	1	2	754	553	960	804	3071	6142
MSC Barcelona	887	130	40	61,870	1	2	754	553	960	804	3071	6142
Centaurus Leader	656	105	24	62,195	1	2	558	446	576	809	2388	4777
MSC Carouge	928	130	38	62,702	2	4	789	553	912	815	3068	12274
MSC Geneva	928	130	38	62,702	2	4	789	553	912	815	3068	12274
Amsterdam	781	106	26	62,735	2	4	664	451	624	816	2554	10216
Rio Barrow	901	130	35	65,059	1	2	766	553	840	846	3004	6008
MSC Marta	902	130	38	65,483	3	6	767	553	912	851	3082	18495
Tabea	904	130	35	66,280	8	16	768	553	840	862	3023	48361
MSC Krystal	909	130	39	66,399	1	2	773	553	936	863	3124	6249
MSC Margarita	910	130	38	66,500	1	2	774	553	912	865	3103	6205
Apollon Leader	656	105	24	67,008	1	2	558	446	576	871	2451	4902
Crystal Serenity	829	105	25	68,870	5	10	705	446	600	895	2646	26462
Oriana	856	106	27	69,840	1	2	728	451	648	908	2734	5468
Monte Azul	892	130	32	69,132	7	14	758	553	768	899	2977	41684
Monte Aconcagua	892	130	32	69,132	7	14	758	553	768	899	2977	41684
Monte Rosa	892	130	32	69,132	7	14	758	553	768	899	2977	41684
Monte Tamaro	892	130	32	69,132	8	16	758	553	768	899	2977	47639
Cap Andreas	889	141	33	69,809	7	14	756	599	792	908	3054	42762
		Avg. Draft	**31**			**160**						**459501**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
70,000 to 90,000 GT												
Carnival Sensation	856	102	27	70,538	1	2	728	434	648	917	2726	5452
Oceana	856	106	27	77,499	1	2	728	451	648	1007	2834	5667
MSC Marina	997	130	38	73,813	3	6	847	553	912	960	3272	19629
MSC Michaela	997	130	37	73,819	3	6	847	553	888	960	3248	19486
MSC Barbara	997	130	37	73,819	1	2	847	553	888	960	3248	6495
MSC Stella	997	130	38	73,819	7	14	847	553	912	960	3272	45802
MSC Methoni	997	130	37	73,819	6	12	847	553	888	960	3248	38971
MSC Marianna	997	130	39	73,819	3	6	847	553	936	960	3296	19774
Sealand Illinois	997	130	36	74,583	5	10	847	553	864	970	3234	32335
Sealand Michigan	997	130	37	74,583	7	14	847	553	888	970	3258	45605
Sealand Washington	997	130	38	74,586	3	6	847	553	912	970	3282	19689
MSC Kalamata	998	130	39	74,656	2	4	848	553	936	971	3307	13229
Maersk Kobe	997	130	36	74,661	1	2	847	553	864	971	3235	6469
Sealand New York	997	130	36	74,661	7	14	847	553	864	971	3235	45284
MSC Vanessa	984	130	36	75,590	7	14	836	553	864	983	3236	45298
MSC Ilona	984	130	37	75,590	1	2	836	553	888	983	3260	6519
MSC Laura	984	130	39	75,590	2	4	836	553	936	983	3308	13230
MSC Maureen	984	130	38	75,590	5	10	836	553	912	983	3284	32836
MSC Alessia	984	130	39	75,590	2	4	836	553	936	983	3308	13230
MSC Florentina	984	130	40	75,590	3	6	836	553	960	983	3332	19989
Northern Majestic	984	130	40	75,590	2	4	836	553	960	983	3332	13326
MSC Luisa	984	130	40	75,590	1	2	836	553	960	983	3332	6663
Oosterdam	936	106	26	82,305	3	6	796	451	624	1070	2940	17640
Westerdam	935	106	26	82,348	4	8	795	451	624	1071	2940	23518
Zuiderdam	936	106	26	82,820	18	36	796	451	624	1077	2947	106083
Enchantment Of The Seas	990	106	25	82,910	2	4	842	451	600	1078	2970	11879
Nieuw Amsterdam	936	106	26	86,273	23	46	796	451	624	1122	2992	137616
Eurodam	936	106	26	86,273	23	46	796	451	624	1122	2992	137616
MSC Toronto	1,066	140	37	89,954	5	10	906	595	888	1169	3559	35585
		Avg. Draft	**35**			**302**						**944919**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
90,001 + GT						
Queen Victoria	965	106	26	90,949	2	4
Serenade Of The Seas	962	106	27	90,090	19	38
Celebrity Infinity	965	106	27	90,280	3	6
Queen Elizabeth	964	106	26	90,901	1	2
Celebrity Summit	946	106	27	90,940	12	24
Coral Princess	965	106	27	91,627	15	30
Costa Deliziosa	964	106	27	92,720	10	20
Island Princess	965	106	27	92,822	9	18
Koningsdam	984	115	26	99,836	19	38
Carnival Conquest	952	116	27	110,239	59	118
Caribbean Princess	959	118	28	112,894	22	44
Carvival Splendor	952	116	27	113,323	25	50
Crown Princess	947	118	28	113,561	13	26
Celebrity Equinox	1,041	121	29	121,878	12	24
Celebrity Silhouette	1,033	121	28	122,400	23	46
Celebrity Reflection	1,047	123	28	125,366	6	12
Adventure Of The Seas	1,020	126	30	137,276	2	4
Regal Princess	1,082	126	28	142,714	20	40
Royal Princess	1,082	126	28	142,714	20	40
Independence Of The Seas	1,112	127	29	154,407	32	64
Freedom Of The Seas	1,112	127	29	160,000	25	50
Allure Of The Seas	1,184	154	30	225,282	53	106
Harmony Of The Seas	1,188	154	30	226,963	52	104
	Avg. Draft		**28**			**908**
					Total Moves	**8020**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
820	451	624	1182	3077	12308
818	451	648	1171	3087	117320
820	451	648	1174	3092	18554
819	451	624	1182	3076	6151
804	451	648	1182	3085	74036
820	451	648	1191	3110	93297
819	451	648	1205	3123	62465
820	451	648	1207	3125	56258
836	489	624	1298	3247	123387
809	493	648	1433	3383	399230
815	502	672	1468	3456	152076
809	493	648	1473	3423	171170
805	502	672	1476	3455	89823
885	514	696	1584	3680	88308
878	514	672	1591	3656	168153
890	523	672	1630	3714	44573
867	536	720	1785	3907	15628
920	536	672	1855	3982	159299
920	536	672	1855	3982	159299
945	540	696	2007	4188	268047
945	540	696	2080	4261	213048
1006	655	720	2929	5310	562814
1010	655	720	2951	5335	554821
					3610068
				Total Revenue (proposed price drop LOA .85, .60; Beam 4.25, 3; Draft 24, 17.25 and GT .013, .009)	**$13,388,248**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx	
Draft	2,390,191	2,387,343	4,998,659	5,020,754	
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005	
beam			3,075,787	3,087,297	
loa			4,156,414	4,171,040	
Shift	162,300		0		
Anchor	0		0		
Hawser	10,700		0		
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776

Total Revenue (Proposed at LOA 1, .75; Beam 5, 3.75; Draft 30, 22.5; GT .014, .0105)	**$**	**15,904,097**
Decrease in Rev with price drop	$	2,515,849

Proposed Option 5

Port Everglades - 2017 Traffic

	Standard Rate	Discount rate for Vessels less than 10,000 tons
LOA	0.75	0.55
Beam	4	3
Draft	23	17
GT	0.012	0.008

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	Proposed Rate (FL Modified Box Formula) LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
0000 - 2,000 GT												
Crosby Trinity	100	29	12	98	4	8	55	90	306	40	491	3928
Delta Faith	95	26	8	197	2	4	55	90	306	40	491	1964
Crosby Integrity	96	30	8	96	5	10	55	90	306	40	491	4910
Crosby Light	100	27	10	165	5	10	55	90	306	40	491	4910
RV Endeavor	185	33	18	298	2	4	102	99	306	40	547	2187
Vi-Nais	190	38	8	487	5	10	105	114	306	40	565	5645
Stad Amsterdam	218	35	15	723	2	4	120	105	306	40	571	2284
Cape Mail	220	40	9	858	97	194	121	120	306	40	587	113878
Champion III	179	59	8	1090	23	46	98	177	306	40	621	28587
Transport Express	209	46	8	1042	20	40	115	138	306	40	599	23958
Alucia	183	39	15	1142	4	8	101	117	306	40	564	4509
Pelagic Express	267	43	10	1867	56	112	147	129	306	40	622	69647
Misc Other Vessels	220	41	10	1146	20	40	121	123	306	40	590	23600
		Avg. Draft	**11**			**490**						**290007**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
2,001 - 5,000 GT												
Orion	298	45	10	2035	28	56	164	135	306	40	645	36114
Charlotte	298	45	11	2035	24	48	164	135	306	40	645	30955
Fiesta Mail	246	28	10	2845	24	48	135	84	306	40	565	27134
Jan Caribe	310	52	18	2749	49	98	171	156	306	40	673	65905
Caribe Mariner	327	54	18	2899	57	114	180	162	306	40	688	78415
Allegro	323	56	18	2984	117	234	178	168	306	40	692	161846
Caribe Navigator	328	55	18	2996	57	114	180	165	306	40	691	78820
Vanquish	328	52	18	3871	52	104	180	156	306	40	682	70970
JAUME 1	250	80	11	3989	263	526	138	240	306	40	724	380561
Planet V	382	63	18	4984	28	56	210	189	306	40	745	41726
Misc Other Vessel	279	48	18	5000	172	344	153	144	306	40	643	221347
		Avg. Draft	**15**			**1742**						**1193793**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
5,001-10,000 GT												
Pearl Mist	327	55	11	5109	17	34	180	165	306	41	692	23519
Oslo Bulk 2,9,7,10	355	60	18	5629	14	28	195	180	306	45	726	20336
Delphinus	400	63	18	5730	12	24	220	189	306	46	761	18260
Greenfast	387	64	18	5522	10	20	213	192	306	44	755	15101
SCM Elpida	354	60	18	6170	11	22	195	180	306	49	730	16061
Tramper	330	70	18	6714	5	10	182	210	306	54	751	7512
Regula	436	63	19	7219	32	64	240	189	323	58	810	51811
Pavo J	458	74	19	8246	50	100	252	222	323	66	863	86287
K Breeze	458	72	18	8246	57	114	252	216	306	66	840	95745
Pegasus J	458	73	19	8273	58	116	252	219	323	66	860	99770
Paradero	458	74	18	8246	50	100	252	222	306	66	846	84587
Tucana J	458	74	18	8246	58	116	252	222	306	66	846	98121
Deneb J	458	73	18	8280	67	134	252	219	306	66	843	112981
Frederick E Bouchard & B220	400	78	18	9076	10	20	220	234	306	73	833	16652
Boston Trader	481	74	20	9528	20	40	265	222	340	76	903	36111
JSP Amihan	456	75	19	9996	78	156	251	225	323	80	879	137088
Vega Luna	485	76	21	9940	34	68	267	228	357	80	931	63326
Hohebank	456	74	20	9996	33	66	251	222	340	80	893	58923
Misc Other Vessel	435	70	18	9785	168	336	239	210	306	78	834	280066
		Avg. Draft	**18**			**1568**						**1322256**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles		LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
10,001 - 20,000 GT													
Genisis Patriot/GM 13501	501	78	21	10469	8	16		376	312	483	126	1296	20742
Meredith Reinauer/B RTC 150	459	72	22	11323	4	8		344	288	506	136	1274	10193
Tina Pyne & Kirby 185-2	545	78	22	11667	14	28		409	312	506	140	1367	38269
Weisshorn	516	78	22	12029	43	86		387	312	506	144	1349	116044
Rothorn	516	78	22	12029	37	74		387	312	506	144	1349	99852
Leigh Anne Moran & Mississippi	516	78	20	12215	10	20		387	312	460	147	1306	26112
Super Servant 4	556	106	18	12642	4	8		417	424	414	152	1407	11254
Deltagracht	515	75	23	13706	9	18		386	300	529	164	1380	24835
Achievement & 650-8	587	74	22	14518	8	16		440	296	506	174	1416	22663
Stadt Jena	546	83	21	15375	11	22		410	332	483	185	1409	30998
Stadt Gera	545	82	24	15375	18	36		409	328	552	185	1473	53037
AS Fiorella	545	82	22	15375	36	72		409	328	506	185	1427	102762
AS Frederica	545	82	22	15375	35	70		409	328	506	185	1427	99908
Warnow Whale	545	82	22	15375	13	26		409	328	506	185	1427	37109
Fouma	545	82	22	15375	14	28		409	328	506	185	1427	39963
Mercs Jaffna	528	82	26	15636	11	22		396	328	598	188	1510	33212
Dole Ecuador	587	89	25	16488	24	48		440	356	575	198	1569	75317
Silver Wind	611	90	18	17235	4	8		458	360	414	207	1439	11513
Dole Honduras	587	89	25	16657	25	50		440	356	575	200	1571	78557
Yacht Express	686	106	21	17951	9	18		515	424	483	215	1637	29464
Lion	618	87	22	19131	28	56		464	348	506	230	1547	86636
Misc Other Vessel	552	83	22	15909	142	284		414	334	506	191	1445	410398
		Avg. Draft	**22**			**1014**							**1458836**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
20,001-30,000 GT						
Melbourne Strait	590	91	22	21018	40	80
FS Ipanema	590	91	22	21018	33	66
Kim Bouchard & B270	628	91	26	21200	21	42
Jacob Rickmers	646	92	28	21971	8	16
Jacob	646	91	30	21971	17	34
Aggeliki P	617	98	27	23809	6	12
Independence	610	105	32	24837	17	34
JPO Aquarius	680	98	26	25361	11	22
MSC Weser	683	98	25	25703	10	20
Hammonia Palatium	686	98	31	26435	8	16
Spirit of Tokyo	689	98	28	26582	19	38
Margarete Schulte	689	98	26	26671	17	34
E.R. Caen	689	98	24	26836	11	22
E.R. Calais	695	98	28	27059	16	32
MSC Zebra	695	98	26	27093	11	22
MSC Corinna	689	98	26	27100	11	22
Legend & 750-2	595	105	30	27403	16	32
Silver Whisper	611	90	19	28258	2	4
Overseas Chinook	614	105	30	29234	5	10
Overseas Anacortes	601	105	32	29242	17	34
Florida	601	105	30	29242	17	34
Sunshine State	601	105	31	29527	11	22
Golden State	605	105	30	29527	20	40
West Virginia	601	105	31	29801	15	30
Louisiana	601	105	31	29801	14	28
American Freedom	601	105	31	29801	13	26
Lone Star State	610	105	30	29923	21	42
Misc Other Vessel	636	99	28	28859	103	206
		Avg. Draft	**28**			**1020**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
443	364	506	252	1565	125177
443	364	506	252	1565	103271
471	364	598	254	1687	70871
485	368	644	264	1760	28162
485	364	690	264	1802	61273
463	392	621	286	1761	21137
458	420	736	298	1912	64992
510	392	598	304	1804	39695
512	392	575	308	1788	35754
515	392	713	317	1937	30988
517	392	644	319	1872	71126
517	392	598	320	1827	62111
517	392	552	322	1783	39221
521	392	644	325	1882	60223
521	392	598	325	1836	40400
517	392	598	325	1832	40303
446	420	690	329	1885	60323
458	360	437	339	1594	6377
461	420	690	351	1921	19213
451	420	736	351	1958	66560
451	420	690	351	1912	64996
451	420	713	354	1938	42638
454	420	690	354	1918	76723
451	420	713	358	1941	58241
451	420	713	358	1941	54358
451	420	713	358	1941	50475
458	420	690	359	1927	80916
477	397	641	346	1861	383332
					1858858

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
30,001 - 40,000 GT						
SR American Progress	601	106	30	30415	12	24
Pacific Princess	592	84	18	30312	5	10
Seabulk Arctic	600	106	30	30415	26	52
Florida Voyager	601	106	30	30415	10	20
Adonia	592	84	18	30277	2	4
Oregon Voyager	600	106	30	30770	28	56
Brenton Reef	620	106	30	30770	5	10
Seabourne Odyssey	659	99	22	32328	2	4
Seabourne Quest	650	98	22	32477	1	2
Silver Spirit	642	87	21	36009	4	8
Prinsendam	669	106	23	38848	5	10
Seabulk Trader	630	106	30	32328	5	10
Rio Grand Delhi Express	853	106	36	39941	7	14
Seaspan Saigon	854	106	39	39941	5	10
Misc Other Vessel	655	100	30	32258	32	64
		Avg. Draft	**27**			**298**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
451	424	690	365	1930	46314
444	336	414	364	1558	15577
450	424	690	365	1929	100307
451	424	690	365	1930	38595
444	336	414	363	1557	6229
450	424	690	369	1933	108261
465	424	690	369	1948	19482
494	396	506	388	1784	7137
488	392	506	390	1775	3550
482	348	483	432	1745	13957
502	424	529	466	1921	19209
473	424	690	388	1974	19744
640	424	828	479	2371	33195
641	424	897	479	2441	24408
491	400	690	387	1968	125950
					581916

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
40,001 - 50,000 GT												
St. Louis Express	798	105	30	40146	9	18	599	420	690	482	2190	39425
Charleston Express	798	105	30	40146	9	18	599	420	690	482	2190	39425
Yorktown Express	798	105	30	40146	9	18	599	420	690	482	2190	39425
Philadelphia Express	798	105	30	40146	8	16	599	420	690	482	2190	35044
Washington Express	798	105	30	40146	8	16	599	420	690	482	2190	35044
Elisabeth-S	856	105	33	40451	16	32	642	420	759	485	2306	73805
Rudolph Schepers	856	105	32	40451	5	10	642	420	736	485	2283	22834
Spirit of Lisbon	856	105	32	40451	11	22	642	420	736	485	2283	50235
Silver Muse	698	89	21	40791	3	6	524	356	483	489	1852	11112
JPO Libra	886	105	32	41359	17	34	665	420	736	496	2317	78771
JPO Capricornus	886	105	32	41359	15	30	665	420	736	496	2317	69504
SCF Pacifica	622	105	28	42208	4	8	467	420	644	506	2037	16296
Limari	882	105	32	42382	17	34	662	420	736	509	2326	79087
Hoegh Inchon	589	105	23	44219	12	24	442	420	529	531	1921	46113
Hoegh Masan	588	105	23	44219	8	16	441	420	529	531	1921	30730
Dublin Express	922	105	32	46009	15	30	692	420	736	552	2400	71988
Hoegh Maputo	599	105	26	47232	3	6	449	420	598	567	2034	12204
Bea Schulte	867	105	34	47877	8	16	650	420	782	575	2427	38828
Misc Other Vessels	783	104	30	42233	37	74	587	416	690	507	2201	162846
		Avg. Draft	**29**			**428**						**952716**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
50,001 - 60,000 GT												
Maersk Ohio	958	105	32	50686	4	8	719	420	736	608	2483	19862
Maersk Iowa	958	105	32	50686	3	6	719	420	736	608	2483	14896
Maersk Montana	958	105	33	50686	3	6	719	420	759	608	2506	15034
Maersk Idaho	958	105	34	50686	4	8	719	420	782	608	2529	20230
Maersk Kentucky	958	105	34	50686	4	8	719	420	782	608	2529	20230
MSC Carmen	902	105	39	50963	1	2	677	420	897	612	2605	5210
Hoegh Yokohama	590	105	25	51770	4	8	443	420	575	621	2059	16470
Hoegh Osaka	593	105	26	51770	3	6	445	420	598	621	2084	12504
Maasdam	719	101	25	55575	2	4	539	404	575	667	2185	8741
Triumph Ace	656	106	29	55880	1	2	492	424	667	671	2254	4507
Veendam	720	101	25	57092	7	14	540	404	575	685	2204	30857
Martorell	655	105	29	57789	7	14	491	420	667	693	2272	31804
Dignity Ace	656	105	31	58767	1	2	492	420	713	705	2330	4660
Prime Ace	656	105	29	59007	1	2	492	420	667	708	2287	4574
		Avg. Draft	**30**			**90**						**209580**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
60,001 - 70,000 GT												
Lavender Ace	656	105	31	60,065	1	2	492	420	713	721	2346	4692
Auriga Leader	656	105	26	60,213	2	4	492	420	598	723	2233	8930
Antares Leader	656	105	26	60,284	1	2	492	420	598	723	2233	4467
Altair Leader	657	105	25	60,295	1	2	493	420	575	724	2211	4423
Carnation Ace	656	105	29	60,975	1	2	492	420	667	732	2311	4621
Demeter Leader	656	105	26	61,804	1	2	492	420	598	742	2252	4503
Rotterdam	781	106	27	61,849	7	14	586	424	621	742	2373	33221
MSC Cadiz	887	130	40	61,870	1	2	665	520	920	742	2848	5695
MSC Barcelona	887	130	40	61,870	1	2	665	520	920	742	2848	5695
Centaurus Leader	656	105	24	62,195	1	2	492	420	552	746	2210	4421
MSC Carouge	928	130	38	62,702	2	4	696	520	874	752	2842	11370
MSC Geneva	928	130	38	62,702	2	4	696	520	874	752	2842	11370
Amsterdam	781	106	26	62,735	2	4	586	424	598	753	2361	9442
Rio Barrow	901	130	35	65,059	1	2	676	520	805	781	2781	5563
MSC Marta	902	130	38	65,483	3	6	677	520	874	786	2856	17138
Tabea	904	130	35	66,280	8	16	678	520	805	795	2798	44774
MSC Krystal	909	130	39	66,399	1	2	682	520	897	797	2896	5791
MSC Margarita	910	130	38	66,500	1	2	683	520	874	798	2875	5749
Apollon Leader	656	105	24	67,008	1	2	492	420	552	804	2268	4536
Crystal Serenity	829	105	25	68,870	5	10	622	420	575	826	2443	24432
Oriana	856	106	27	69,840	1	2	642	424	621	838	2525	5050
Monte Azul	892	130	32	69,132	7	14	669	520	736	830	2755	38564
Monte Aconcagua	892	130	32	69,132	7	14	669	520	736	830	2755	38564
Monte Rosa	892	130	32	69,132	7	14	669	520	736	830	2755	38564
Monte Tamaro	892	130	32	69,132	8	16	669	520	736	830	2755	44073
Cap Andreas	889	141	33	69,809	7	14	667	564	759	838	2827	39584
		Avg. Draft	**31**			**160**						**425233**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles	LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
70,000 to 90,000 GT												
Carnival Sensation	856	102	27	70,538	1	2	642	408	621	846	2517	5035
Oceana	856	106	27	77,499	1	2	642	424	621	930	2617	5234
MSC Marina	997	130	38	73,813	3	6	748	520	874	886	3028	18165
MSC Michaela	997	130	37	73,819	3	6	748	520	851	886	3005	18027
MSC Barbara	997	130	37	73,819	1	2	748	520	851	886	3005	6009
MSC Stella	997	130	38	73,819	7	14	748	520	874	886	3028	42386
MSC Methoni	997	130	37	73,819	6	12	748	520	851	886	3005	36055
MSC Marianna	997	130	39	73,819	3	6	748	520	897	886	3051	18303
Sealand Illinois	997	130	36	74,583	5	10	748	520	828	895	2991	29907
Sealand Michigan	997	130	37	74,583	7	14	748	520	851	895	3014	42192
Sealand Washington	997	130	38	74,586	3	6	748	520	874	895	3037	18221
MSC Kalamata	998	130	39	74,656	2	4	749	520	897	896	3061	12245
Maersk Kobe	997	130	36	74,661	1	2	748	520	828	896	2992	5983
Sealand New York	997	130	36	74,661	7	14	748	520	828	896	2992	41884
MSC Vanessa	984	130	36	75,590	7	14	738	520	828	907	2993	41903
MSC Ilona	984	130	37	75,590	1	2	738	520	851	907	3016	6032
MSC Laura	984	130	39	75,590	2	4	738	520	897	907	3062	12248
MSC Maureen	984	130	38	75,590	5	10	738	520	874	907	3039	30391
MSC Alessia	984	130	39	75,590	2	4	738	520	897	907	3062	12248
MSC Florentina	984	130	40	75,590	3	6	738	520	920	907	3085	18510
Northern Majestic	984	130	40	75,590	2	4	738	520	920	907	3085	12340
MSC Luisa	984	130	40	75,590	1	2	738	520	920	907	3085	6170
Oosterdam	936	106	26	82,305	3	6	702	424	598	988	2712	16270
Westerdam	935	106	26	82,348	4	8	701	424	598	988	2711	21691
Zuiderdam	936	106	26	82,820	18	36	702	424	598	994	2718	97842
Enchantment Of The Seas	990	106	25	82,910	2	4	743	424	575	995	2736	10946
Nieuw Amsterdam	936	106	26	86,273	23	46	702	424	598	1035	2759	126927
Eurodam	936	106	26	86,273	23	46	702	424	598	1035	2759	126927
MSC Toronto	1,066	140	37	89,954	5	10	800	560	851	1079	3290	32899
		Avg. Draft	**35**			**302**						**872994**

Ships	LOA (ft)	Beam (ft)	Draft	GT	# OF CALLS	Handles
90,001 + GT						
Queen Victoria	965	106	26	90,949	2	4
Serenade Of The Seas	962	106	27	90,090	19	38
Celebrity Infinity	965	106	27	90,280	3	6
Queen Elizabeth	964	106	26	90,901	1	2
Celebrity Summit	946	106	27	90,940	12	24
Coral Princess	965	106	27	91,627	15	30
Costa Deliziosa	964	106	27	92,720	10	20
Island Princess	965	106	27	92,822	9	18
Koningsdam	984	115	26	99,836	19	38
Carnival Conquest	952	116	27	110,239	59	118
Caribbean Princess	959	118	28	112,894	22	44
Carvival Splendor	952	116	27	113,323	25	50
Crown Princess	947	118	28	113,561	13	26
Celebrity Equinox	1,041	121	29	121,878	12	24
Celebrity Silhouette	1,033	121	28	122,400	23	46
Celebrity Reflection	1,047	123	28	125,366	6	12
Adventure Of The Seas	1,020	126	30	137,276	2	4
Regal Princess	1,082	126	28	142,714	20	40
Royal Princess	1,082	126	28	142,714	20	40
Independence Of The Seas	1,112	127	29	154,407	32	64
Freedom Of The Seas	1,112	127	29	160,000	25	50
Allure Of The Seas	1,184	154	30	225,282	53	106
Harmony Of The Seas	1,188	154	30	226,963	52	104
	Avg. Draft		**28**			**908**
				Total Moves		**8020**

LOA	Beam	Draft	GT	Rate per Handle	Total per Ship
724	424	598	1091	2837	11349
722	424	621	1081	2848	108208
724	424	621	1083	2852	17113
723	424	598	1091	2836	5672
710	424	621	1091	2846	68299
724	424	621	1100	2868	86048
723	424	621	1113	2881	57613
724	424	621	1114	2883	51887
738	460	598	1198	2994	113773
714	464	621	1323	3122	368380
719	472	644	1355	3190	140359
714	464	621	1360	3159	157944
710	472	644	1363	3189	82914
781	484	667	1463	3394	81463
775	484	644	1469	3372	155091
785	492	644	1504	3426	41108
765	504	690	1647	3606	14425
812	504	644	1713	3672	146883
812	504	644	1713	3672	146883
834	508	667	1853	3862	247161
834	508	667	1920	3929	196450
888	616	690	2703	4897	519123
891	616	690	2724	4921	511738
					3329881
				Total Revenue (proposed price drop LOA .75, .55; Beam 4, 3; Draft 23, 17; GT .012, .008)	**$12,496,070**

	Current Rate	LRCM Rx	Proposed Rate	LRCM Rx	
Draft	2,390,191	2,387,343	4,998,659	5,020,754	
Tonnage	9,262,866	9,208,217	3,610,461	3,625,005	
beam			3,075,787	3,087,297	
loa			4,156,414	4,171,040	
Shift	162,300		0		
Anchor	0		0		
Hawser	10,700		0		
Total	**$11,826,057**		**$15,841,321**	**$15,904,097**	$62,776

Total Revenue (Proposed at LOA 1, .75; Beam 5, 3.75; Draft 30, 22.5; GT .014, .0105)	**$**	**15,904,097**
Decrease in Rev with price drop	$	3,408,027

Exhibit 8

All Rate Structures with Percentage Variances to Existing Rates

Port Everglades - 2017 Traffic

	All, < 10k GT	
LOA	1, 0.75	
Beam	5, 3.75	
Draft	30, 22.5	
GT	.014, .0105	0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

		Agreed Upon	Existing		
Ships	**Handles**	**LRCM Rx Total per Ship**	**LRCM Rx Total Total Ship**	**$ Variance - Increase / (Decrease)**	**% Variance - Increase / (Decrease)**
0000 - 2,000 GT	**490**	**381,393**	**135,220**	**246,173**	182.05%
2,001 - 5,000 GT	**1742**	**1,567,442**	**607,570**	**959,872**	157.99%
5,001-10,000 GT	**1568**	**1,739,495**	**869,225**	**870,270**	100.12%
10,001 - 20,000 GT	**1014**	**1,871,515**	**844,025**	**1,027,489**	121.74%
20,001-30,000 GT	**1020**	**2,371,949**	**1,338,142**	**1,033,806**	77.26%
30,001 - 40,000 GT	**298**	**740,633**	**457,933**	**282,700**	61.73%
40,001 - 50,000 GT	**428**	**1,210,660**	**814,245**	**396,415**	48.68%
50,001 - 60,000 GT	**90**	**264,883**	**207,276**	**57,607**	27.79%
60,001 - 70,000 GT	**160**	**535,744**	**445,884**	**89,859**	20.15%
70,000 to 90,000 GT	**302**	**1,097,276**	**988,095**	**109,181**	11.05%
90,001 + GT	**908**	**4,123,109**	**4,887,944**	**-764,835**	-15.65%
		15,904,097	11,595,560		

Port Everglades - 2017 Traffic

		Option 1
		All, < 10k GT
LOA		1, 0.75
Beam		5, 3.75
Draft		25, 18.5
GT	0.0105	.014, .0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	Handles	Existing LRCM Rx Total Total Ship	Proposed Option 1 LRCM Rx Total per Ship	$ Variance - Increase / (Decrease)	% Variance - Increase / (Decrease)
0000 - 2,000 GT					
	490	**135,220**	346,113	210,893	155.96%
2,001 - 5,000 GT					
	1742	**607,570**	1,442,018	834,448	137.34%
5,001-10,000 GT					
	1568	**869,225**	1,623,191	753,966	86.74%
10,001 - 20,000 GT					
	1014	**844,025**	1,758,415	914,389	108.34%
20,001-30,000 GT					
	1020	**1,338,142**	2,230,971	892,829	66.72%
30,001 - 40,000 GT					
	298	**457,933**	696,853	238,920	52.17%
40,001 - 50,000 GT					
	428	**814,245**	1,145,930	331,685	40.74%
50,001 - 60,000 GT					
	90	**207,276**	251,593	44,317	21.38%
60,001 - 70,000 GT					
	160	**445,884**	510,474	64,589	14.49%
70,000 to 90,000 GT					
	302	**988,095**	1,049,316	61,221	6.20%
90,001 + GT					
	908	**4,887,944**	3,995,119	(892,825)	-18.27%
		11,595,560	15,049,992		

Port Everglades - 2017 Traffic

		Option 2
		All, <10k GT
LOA		0.85, 0.75
Beam		5, 3.75
Draft		25, 18.5
GT	0.0105	0.014, 0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	Handles	Existing LRCM Rx Total Total Ship	Proposed Option 2 LRCM Rx Total per Ship	$ Variance - Increase / (Decrease)	% Variance - Increase / (Decrease)
0000 - 2,000 GT					
	490	**135,220**	346,113	210,893	155.96%
2,001 - 5,000 GT					
	1742	**607,570**	1,442,018	834,448	137.34%
5,001-10,000 GT					
	1568	**869,225**	1,623,191	753,966	86.74%
10,001 - 20,000 GT					
	1014	**844,025**	1,674,529	830,504	98.40%
20,001-30,000 GT					
	1020	**1,338,142**	2,134,525	796,383	59.51%
30,001 - 40,000 GT					
	298	**457,933**	668,329	210,396	45.94%
40,001 - 50,000 GT					
	428	**814,245**	1,094,046	279,801	34.36%
50,001 - 60,000 GT					
	90	**207,276**	240,998	33,722	16.27%
60,001 - 70,000 GT					
	160	**445,884**	490,023	44,138	9.90%
70,000 to 90,000 GT					
	302	**988,095**	1,005,527	17,431	1.76%
90,001 + GT					
	908	**4,887,944**	3,852,302	(1,035,642)	-21.19%
		11,595,560	14,571,599		

Port Everglades - 2017 Traffic

		Option 3
		All, <10k GT
LOA		0.85, 0.65
Beam		4.5, 3.25
Draft		25, 18.0
GT	0.0105	0.014, 0.0105

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

		Existing	Proposed Option 3		
Ships	**Handles**	**LRCM Rx Total Total Ship**	**LRCM Rx Total per Ship**	**$ Variance - Increase / (Decrease)**	**% Variance - Increase / (Decrease)**
0000 - 2,000 GT					
	490	**135,220**	320,741	185,520	137.20%
2,001 - 5,000 GT					
	1742	**607,570**	1,323,609	716,039	117.85%
5,001-10,000 GT					
	1568	**869,225**	1,482,994	613,769	70.61%
10,001 - 20,000 GT					
	1014	**844,025**	1,632,522	788,497	93.42%
20,001-30,000 GT					
	1020	**1,338,142**	2,084,091	745,948	55.75%
30,001 - 40,000 GT					
	298	**457,933**	652,979	195,046	42.59%
40,001 - 50,000 GT					
	428	**814,245**	1,071,657	257,412	31.61%
50,001 - 60,000 GT					
	90	**207,276**	236,308	29,032	14.01%
60,001 - 70,000 GT					
	160	**445,884**	480,136	34,251	7.68%
70,000 to 90,000 GT					
	302	**988,095**	987,651	(445)	-0.04%
90,001 + GT					
	908	**4,887,944**	3,795,043	(1,092,901)	-22.36%
		11,595,560	14,067,730		

Port Everglades - 2017 Traffic

		Option 4
		All, <10k GT
LOA		0.85, 0.60
Beam		4.25, 3.0
Draft		24, 17.25
GT	0.0105	0.013, 0.009

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	Handles	Existing LRCM Rx Total Total Ship	Proposed Option 4 LRCM Rx Total per Ship	$ Variance - Increase / (Decrease)	% Variance - Increase / (Decrease)
0000 - 2,000 GT					
	490	**135,220**	299,969	164,749	121.84%
2,001 - 5,000 GT					
	1742	**607,570**	1,235,662	628,092	103.38%
5,001-10,000 GT					
	1568	**869,225**	1,377,951	1,377,951	58.53%
10,001 - 20,000 GT					
	1014	**844,025**	1,573,641	729,616	86.44%
20,001-30,000 GT					
	1020	**1,338,142**	2,003,623	665,481	49.73%
30,001 - 40,000 GT					
	298	**457,933**	626,955	169,023	36.91%
40,001 - 50,000 GT					
	428	**814,245**	1,029,481	215,236	26.43%
50,001 - 60,000 GT					
	90	**207,276**	226,476	19,200	9.26%
60,001 - 70,000 GT					
	160	**445,884**	459,501	13,617	3.05%
70,000 to 90,000 GT					
	302	**988,095**	944,919	(43,177)	-4.37%
90,001 + GT					
	908	**4,887,944**	3,610,068	(1,277,876)	-26.14%
		11,595,560	13,388,248		

Port Everglades - 2017 Traffic

		Option 5
		All, <10k GT
LOA		0.75, 0.55
Beam		4.0, 3.0
Draft		23, 17.0
GT	0.0105	0.012, 0.008

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	Handles	Existing LRCM Rx Total Total Ship	Proposed Option 5 LRCM Rx Total per Ship	$ Variance - Increase / (Decrease)	% Variance - Increase / (Decrease)
0000 - 2,000 GT					
	490	**135,220**	290,007	154,786	114.47%
2,001 - 5,000 GT					
	1742	**607,570**	1,193,793	586,223	96.49%
5,001-10,000 GT					
	1568	**869,225**	1,322,256	1,322,256	52.12%
10,001 - 20,000 GT					
	1014	**844,025**	1,458,836	614,811	72.84%
20,001-30,000 GT					
	1020	**1,338,142**	1,858,858	520,716	38.91%
30,001 - 40,000 GT					
	298	**457,933**	581,916	123,983	27.07%
40,001 - 50,000 GT					
	428	**814,245**	952,716	138,471	17.01%
50,001 - 60,000 GT					
	90	**207,276**	209,580	2,304	1.11%
60,001 - 70,000 GT					
	160	**445,884**	425,233	(20,651)	-4.63%
70,000 to 90,000 GT					
	302	**988,095**	872,994	(115,101)	-11.65%
90,001 + GT					
	908	**4,887,944**	3,329,881	(1,558,063)	-31.88%
		11,595,560	12,496,070		

Port Everglades - 2017 Traffic

LOA
Beam
Draft
GT

(Minimums: LOA - 100 ft. Beam - 30 ft. Draft - 18 ft. GT - 5000 GT)

Ships	Handles	Average Existing per handle	Average Std Request per handle	Average Opt 1 per handle	Average Opt 2 per handle	Average Opt 3 per handle	Average Opt 4 per handle	Average Opt 5 per handle
0000 - 2,000 GT	**490**	275.96	778.35	706.35	706.35	654.57	612.18	591.85
2,001 - 5,000 GT	**1742**	348.78	899.79	827.79	827.79	759.82	709.34	685.30
5,001-10,000 GT	**1568**	554.35	1,109.37	1,035.20	1,035.20	945.79	878.80	843.28
10,001 - 20,000 GT	**1014**	832.37	1,845.68	1,734.14	1,651.41	1,609.98	1,551.91	1,438.69
20,001-30,000 GT	**1020**	1,311.90	2,325.44	2,187.23	2,092.67	2,043.23	1,964.34	1,822.41
30,001 - 40,000 GT	**298**	1,536.69	2,485.35	2,338.43	2,242.71	2,191.20	2,103.88	1,952.74
40,001 - 50,000 GT	**428**	1,902.44	2,828.65	2,677.41	2,556.18	2,503.87	2,405.33	2,225.97
50,001 - 60,000 GT	**90**	2,303.07	2,943.14	2,795.48	2,677.76	2,625.64	2,516.40	2,328.67
60,001 - 70,000 GT	**160**	2,786.78	3,348.40	3,190.46	3,062.64	3,000.85	2,871.88	2,657.71
70,000 to 90,000 GT	**302**	3,271.84	3,633.36	3,474.56	3,329.56	3,270.37	3,128.87	2,890.71
90,001 + GT	**908**	5,383.20	4,540.87	4,399.91	4,242.62	4,179.56	3,975.85	3,667.27

Exhibit 9

FCCA Application

FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION P O Box 5377 TALLAHASSEE, FLORIDA 32314-5377 850-717.1980	STATE OF FLORIDA APPLICATION FOR A CHANGE IN RATES OF PILOTAGE	DO NOT WRITE IN THIS SPACE FOR OFFICE USE ONLY

APPLICATION SHOULD BE TYPED

PLEASE CHECK THE APPROPRIATE BOX TO IDENTIFY THE APPLICANT:

☐ **Individual Person**
☐ **Single Licensed State Pilot**

x Other Entity
☐ **Group of Licensed State Pilots**

PART A APPLICANT PROFILE DATA

Name of Individual/Association/Group **Florida-Caribbean Cruise Association** Name of Authorized Representative & Title Michele Paige, President As legal representative of Florida-Caribbean Cruise Association ("FCCA"), please direct all communication or other documentation regarding this matter to the following: Panza Maurer & Maynard c/o Thomas F. Panza 3600 N. Federal Highway, Third Floor Fort Lauderdale, Florida 33308 Tel: (954) 390-0100 tpanza@panzamaurer.com	Home Telephone: (Include area code) (954) 441-8881	Business Telephone: (Include area code) (954) 441-8881

Mailing Address:	Street and No. 11200 Pines Blvd.		Apartment No. Suite 201	Social Security Number or Federal Employer ID Number (Optional):
	City: Pembroke Pines	State: Florida	Zip Code: 33026	
Permanent Address:	C/O: Michele Paige	Street and No.: 11200 Pines Blvd., Suite 201		
	City: Pembroke Pines	State: Florida	Zip Code: 33026	

IF PERSONS OTHER THAN A PILOT:

Detailed statement setting forth the substantial interest of the applicant and how the applicant is directly affected by the established rates:

Applicant is a not-for-profit trade organization composed of 15 member cruise lines operating more than 100 vessels in Floridian, Caribbean and Latin American waters. Applicant represents close to every cruise line company that either calls on Port Everglades throughout the year or calls Port Everglades home, including Carnival Cruise Lines, Cunard Line, Holland America, Princess Cruises, Royal Caribbean and Seabourn.

The cruise ships operated by Applicant's members are vessels subject to pilotage under Florida Statute §310.141, and thus are required to "have a licensed state pilot or certificated deputy pilot on board to direct the movements of the vessel when entering or leaving" ports in the State of Florida.

Collectively, Applicant's vessels call on Port Everglades hundreds of times per year and account for *millions* of dollars paid in pilotage fees annually. In 2013, Applicant estimates that its members alone paid in excess of $5 million dollars in pilotage fees to Port Everglades port pilots, which accounted for close to fifty percent of the pilots' total incoming revenue, despite the fact that cruise lines accounted for only around twenty percent of the pilots' total work. The largest vessels calling on Port Everglades in 2013 were levied a pilotage fee of over $16,000 *per call* on port, which requires about four hours of work from a pilot. Thus, Applicant – as representative of its members who pay millions of dollars each year in pilotage fees for calls on Port Everglades – is clearly and directly affected by the established pilotage rates at Port Everglades and maintains a substantial interest adequate to pursue a pilotage rate change as set forth in Chapter 310, Florida Statutes.

Hereinafter, references to "Applicant" shall mean all member entities of Applicant.

PART B

1. Name of Port for which rate change is being requested:
   Fort Lauderdale Port ("Port Everglades")
   Fort Lauderdale, Florida

2. Detailed explanation of rate change being requested:

Chapter 310 of the Florida Statutes requires pilotage rates to be "fair, just and reasonable." The pilotage rates in effect at Port Everglades fail to meet all three of these statutory criteria as it relates to pilotage fees charged to passenger vessels calling on port. Pilotage rates at Port Everglades are tied to a vessel's draft and tonnage, with the pilotage fee being $13.30 per foot of draft and $0.0330 to $0.0356 / GRT. As the cruise industry has grown over the past decade and consumer demand has resulted in significantly larger ships that have taller drafts and higher tonnages, pilotage rates for passenger vessels have arbitrarily increased to unreasonable levels that bear no rationale relationship to the safety of the vessel being handled or the amount of work performed. To the contrary, these cruise vessels – which can cost anywhere from $500 million to $1.5 billion to build – contain the most sophisticated, state-of-the-art mechanical, propulsion, and navigational technologies available, and present no more of a safety risk (or in some cases, potentially less safety risk) than cargo and container ships without the same capabilities, which paradoxically pay significantly lower pilotage fees.

The increase in cruise ship size has resulted in an enormous cost shift whereby passenger vessels account for a majority of the pilots' fees, but an overwhelming minority of the work performed. Over the past three years, passenger vessels accounted for approximately 20% to 23% of the pilots' total vessel handles, but anywhere from 48% to 53% of their incoming revenue. To work towards establishing parity within the current rate system and begin developing rates that comply with the statutory mandate of being "fair, just and reasonable," Applicant requests a twenty-five percent (25%) rate decrease for all passenger vessels calling on Port Everglades. Applicant's proposed rate discount would apply only to passenger vessels, and pilotage fees for cargo and container vessels would remain at the current rates. Current and projected draft and tonnage rates at Port Everglades are as follows:

	Current Rates	Rates With 25% Discount
Draft	$13.30	$9.975
Tonnage		
0 – 80,000 GRT	$0.0356	$0.0267
Next 50,000 GRT (80,001 to 130,000)	$0.0343	$0.0257
Any additional tonnage over 130,000	$0.0330	$0.0247

All other charges currently in place at Port Everglades would remain the same, with the exception that any fees that are based on – or otherwise include charges for – draft and tonnage shall be subject to the 25% discount when applied to passenger vessels.

As is set forth extensively below, a 25% rate reduction for passenger vessels is necessary if the statutory mandate of having fair, just and reasonable fees is to be carried out, and such a reduction will in no way impact the availability of qualified pilots who can provide safe and efficient services to vessels required to have pilots on-board pursuant to Chapter 310 of the Florida Statutes.

Source of Data for Analysis and Pilot Refusal To Provide Necessary Financial Information: despite engaging in public records requests and extensive online research, Applicant was only able to obtain information regarding the port pilots' operations from their 2000 application and the investigative committee report. Applicant also obtained a spreadsheet from the Department of Business & Professional Regulation which summarizes the pilots' annual revenue and number of vessels handled over the past years.

Applicant requested financial documents in writing from the Port Everglades Port Pilots for 2011, 2012, and 2013, but the pilots responded in writing stating **"[a]s you are aware, you are not entitled to the information requested."** **See Exhibit 1.** Even though the piloting function is created exclusively by statute, and the pilotage rates are set in a quasi-legislative fashion which – also by statute – requires consideration of various factors relating to the pilots' financial and functional operations, the pilots are apparently not required to disclose any of this information to the Department or general public. The Florida Statutes require the Rate Review Committee to analyze the pilots' income, operating expenses, physical operations, and how a proposed rate change would impact the pilots, yet the refuse to disclose such information as necessary for the Rate Review Committee to carry out its statutory functions and give effect to Chapter 310. In light of the pilots' total lack of transparency to the public, rate payers, and Department, Applicant has instead utilized information from past applications and Investigative Committee reports and extrapolated from the data contained therein to develop this rate reduction application.

3. Basis for requested rate change:

A reduction in Port Everglades' pilotage rates is necessary if Chapter 310's statutory mandate that rates be "fair, just, and reasonable" is to be carried out. The current pilotage rates at Port Everglades are grossly excessive, particularly as it relates to large passenger vessels calling on Port Everglades with frequency. The cruise line industry, which accounts for an overwhelming *minority* of the work performed by the pilots, is penalized with hugely inflated pilotage fees due to the fact that consumer demand has resulted in the construction and utilization or bigger cruise ships that have taller drafts and, more importantly, higher tonnages. As a result, the pilots are frequently charging *per call pilotage fees in excess of $9,000 to $16,000*. These fees have no justifiable basis in fact and bear absolutely no rational relationship to the time expended or the risk or liability associated with piloting the ship. Instead, these arbitrary, unreasonable and excessive pilotage fees allow the pilots to earn significantly more money doing significantly less work than they were doing ten or fifteen years ago. The cruise line industry is subjected to this cost shift despite the highly sophisticated and advanced navigational, technological, and mechanical systems on board the billion dollar cruise ships. This technology makes navigation of the vessels as safe, if not safer than, their cargo and container counterparts, which pay significantly smaller pilotage fees. A reduction in pilotage fees is required to begin bringing parity to the industry and to satisfy the statutory mandate of having reasonable pilotage rates.

Port Everglades' pilotage fees also must be reduced because the pilots have artificially deflated their net incomes by maintaining an excessive staff of active pilots and inflating operating expenses which are not, and cannot, under any circumstances be considered "reasonable" as required by Chapter 310. The pilots are currently handling approximately 33% fewer vessels per year than they were ten to fifteen years ago, yet their staff of active pilots has actually *increased* by one pilot. The pilot association is free to maintain and employ additional and unnecessary pilot positions, but the cruise line industry should not foot the bill so the association can provide a full freight, lucrative six-figure compensation package to employees who are performing less work by the year. A reasonable pilotage fee, as required by statute, is a fee sufficient to adequately compensate the number of port pilots *necessary to meet demand*, not an excessive number of pilots completing increasingly less work. The pilots are able to employ unnecessary positions for two main reasons. First is the state created monopoly over piloting. In any other area of business, a decline in volume of services provided by 30% or more would result in fewer employee positions. Yet, the statutory monopoly provides a safety net which allows the pilots to continue employing the same number of pilots despite decreased and prolonged reductions in vessel traffic. Second is the unreasonable fees charged to passenger vessels. The pilots have made up the 33% decrease in vessel traffic by charging exorbitant and arbitrary fees to large passenger vessels. As is addressed in detail below, the pilots can earn the same fee handling a large cruise ship 1 time as they would earn handling a smaller cargo or container vessel (which make up a majority of port traffic and, correspondingly, of the pilots' work) *15 to 20 times*. There is no rational explanation for this gigantic disparity; rather, it is purely a symptom of the arbitrary, unreasonable and exorbitant pilotage fees currently in effect at Port Everglades.

Finally, as this application demonstrates, the pilots' multi-million dollar profit sharing plan with retired pilots is not, under any circumstances, a reasonable operating expense that can be claimed by the pilots. For years, the pilots have artificially deflated their net income by providing retired pilots with annual six-figure cash payments (up to 20% of revenues) and healthcare benefits. When the value of the retirement payments are contributed to the active pilots' income – as it must be under the statutory scheme in Chapter 310 – it is clear that the Port Everglades port pilots are earning an income that is excessive and unreasonable, and which can fully withstand a 25% decrease to pilotage fees for passenger vessels.

I. Cruise Lines Pay Unreasonable and Exorbitant Pilotage Fees That Bear No Rational Relationship To The Services Provided.

From 1874, when the State of Florida began regulating port pilots, through 1974, pilotage fees were tied to a vessel's draft. In 1974, and again in 1994, the Florida Statutes were amended to allow for consideration of other vessel characteristics, such as a vessel's tonnage, freeboard or height above waterline, and length. From the 1970's to 1990's, a uniform rate for cruise, cargo, and container vessels based on a vessel's draft and tonnage made some sense, as cargo, cruise and container vessels were not drastically different in size.

In 1985, Carnival's "Holiday" was one of the largest cruise vessels in the world, weighing in at only 46,000 GRT. Over the past 10 to 15 years, however, consumer demand has resulted in drastically larger cruise ships with corresponding increases in draft and tonnage but, most significantly, in tonnage. By 1998, Princess Cruises' "Grand Princess" was the largest and most expensive cruise ship ever built, costing $450 million to build and weighing in at 109,000 GRT. Since that time, the number and size of high volume, large capacity cruise ships has grown dramatically. Port Everglades' 2013-2014 cruise schedule shows 14 vessels with GRT's between 70,000 and 100,000, 9 vessels with GRT's of 100,000 to 150,000, 2 vessels with GRT's of 150,000 to 200,000, and 2 vessels with GRT's exceeding 200,000. **See Exhibit 2**. Thus, Port Everglades currently has 13 active vessels of the same size, or larger than, the *largest ship in the world in 1998*, and 27 active ships that are close to the same size or larger. Moreover, Port Everglades is currently home to the two largest cruise ships in the world, the Oasis and Allure of the Seas, which both weigh in with a gross register tonnage of 225,000, causing them to pay a per call pilotage fee of over $16,000, for *approximately four hours of work*.

Because pilotage fees have remained arbitrarily tied to a vessel's draft and tonnage, large cruise ships calling on Everglades to routinely pay anywhere from $7,000 to $16,000 in pilotage fees for a single call on port. These exorbitant pilotage fees have no logical or rational basis and are in no way related to the time spent piloting or the risk or difficulty associated with piloting the vessel. The unreasonable nature of the fees is compounded by the fact that cruise lines, unlike many cargo or container ships, call on Port Everglades dozens of times a year. As a result, these passenger ships are safer and have a reduced risk of potential accident in light of the captain's extensive knowledge of Port Everglades. Yet, these ships pay hugely inflated pilotage fees that far exceed what a cargo or container vessel pays, despite the fact that some cargo or container vessels may be calling on port from other parts of the world, with captains who have little or no experience in navigating Port Everglades waterways.

A. Passenger Vessels Pay An Exorbitant And Unreasonable Share Of Pilotage Fees Despite Being A Minority Of The Pilots' Work.

Current and historical data demonstrates the disparity in the pilots' time spent handling cargo and container ships as compared to cruise ships. Data from 1999, which is the last year of actual, non-projected data in the pilots' 2000 application, demonstrates that the pilots completed 10,890 total vessel handles. Of these handles, 8,400 of the handles – or approximately 77% – were for vessels with GRT's below 20,000. Even in 1999, most cruise ships had GRT's exceeding 20,000; thus, the overwhelming majority of these 8,400 handles were likely cargo or container vessels. **See Exhibit 3.** Data from 2011, 2012 and 2013 further makes clear that the pilots spend an overwhelming majority of their work handling cargo and container vessels, while earning a minority of their pilotage fees for this work.

The following is a summary of data from 2011, 2012 and 2013 showing the total number of handles made by the pilots for cargo, container and cruise ships, including a breakdown of the fees paid. Data regarding the total fees earned and vessels handled was provided by the Department of Business & Professional Regulation. Applicant determined the total number of passenger vessel handles by utilizing dock reports for Port Everglades. Applicant determined the total fees paid by passenger vessels by calculating the per call fee for each passenger vessel, and multiplying it times the total number of calls on Port Everglades as determined through use of the dock reports. For ease of reference and analysis, Applicant categorized any call that was not a cruise ship as a cargo or container vessel call, even though Applicant recognizes the wide array of non-passenger vessels that call on port which may not fit strictly into this categorization.

i. Data from 2011 For Cruise, Cargo, and Container Vessels

In 2011, the Port Everglades port pilots earned $10,995,681 for 7,711 handles completed. **See Exhibit 4.** The pilots earned approximately another $77,000 in other fees. Passenger vessels accounted for 1,744 of these handles **See Exhibit 5**, at a cost of approximately $5,877,294. Cargo, container and all non-cruise line vessels accounted for 5,967 handles, and fees of $5,118,387.

Based on this data, passenger vessels accounted for only 23% of all handles in 2011, but paid 53% of all pilotage fees. The average cost per handle for a passenger vessel in 2011 was $3,370, and the average call on Port Everglades cost a passenger vessel $6,740. This is equates to a 393% increase over the fees paid by cargo and container vessels, which paid an average of $857 per handle and $1,714 per call. *This is an average difference of $5,026 per call on Port Everglades.*

Put otherwise, in 2011 cargo and container vessels accounted for 77% of the port pilots' work, but only 47% of the pilots' income. This disparity is due to the fact that the pilots charged passenger vessels a rate that was, on average, almost 400% higher than fees for non-passenger vessels. Cruise ships pay this arbitrary and unreasonable fee despite the average handle time being no longer for passenger vessels and despite the fact that passenger vessels contain advanced navigational, propulsion, and mechanical equipment which, in addition to many captains' familiarity and frequent visits to the port, makes navigation safer. Table 1, below, summarizes the vast disparity in handles and fees charged.

ii. Data from 2012 For Cruise, Cargo, and Container Vessels

In 2012, the Port Everglades port pilots earned $10,842,395 in pilotage fees for a total of 7,436 handles. **See Ex. 4.** The pilots earned another approximately $68,000 in other fees. Applicant estimates that the passenger vessels accounted for 849 calls on Port Everglades in 2012, or 1,698 handles. **See Exhibit 6.** Applicant further estimates that these 1,698 handles equated to pilotage fees of $5,695,560. Cargo and container ships accounted for 5,738 handles and fees of $5,146,835.

As a result, passenger vessels accounted for 23% of the pilots' handles, but 53% of revenue. The average cost per handle for a passenger vessel in 2012 was $3,354, with the average call on port costing $6,708. Conversely, the average cost per handle for a non-passenger vessel in 2012 was $897, or $1,794 per call. Thus, cargo and container vessels accounted for 77% of the port pilots' work in 2012, but only 47% of the pilots' income, all due to the fact that passenger vessels paid a fee that was, on average, 375% higher than the average fee paid by non-passenger vessels.

iii. Data from 2013 For Cruise, Cargo, and Container Vessels

Finally, data from 2013 shows similarly disparate pilotage fee charges to cruise and cargo vessels. In 2013, the Port Everglades pilots earned $10,958,709 for performing 7,379 handles. **See Ex. 4.** The pilots earned another $90,000 in other fees.

Passenger vessels accounted for 1,502 handles, and fees of around $5,252,118. This equates to an average per handle cost of $3,497 and per call cost of $6,994. Cargo and container vessels, on the other hand, paid $5,706,591 for 5,877 handles, or a per handle fee of $971 and a per call fee of $1,942. Thus, passenger vessels paid, on average, $5,052 more per call than a cargo or container vessel.

As a result, passenger vessels accounted for only 20% of all calls on port, but 48% of the pilots' revenue. Cargo and container vessels accounted for 80% of calls on port, but only 52% of revenue, all due to the fact that the pilots charge passenger vessels a pilotage fee that is, on average, 360% higher than what is paid by cargo and container vessels. **See Exhibit 7.** Table 1 summarizes the above data demonstrating the disparity in fees charged to passenger and non-passenger vessels for 2011, 2012 and 2013.

Table 1: Comparison of Handles and Pilotage Fees Charged To Passenger And Non-Passenger Vessels						
2011						
Total Fees		**Total Handles**		**Fee Per Handle**		
Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	% Difference
$5,877,294 (53%)	$5,118,387 (47%)	1,744 (23%)	5,967 (77%)	$3,370	$857	$2,838 (393%)
2012						
Total Fees		**Total Handles**		**Fee Per Handle**		
Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	Difference
$5,695,560 (53%)	$5,146,835 (47%)	1,698 (23%)	5,738 (77%)	$3,354	$897	$2,457 (375%)
2013						
Total Fees		**Total Handles**		**Fee Per Handle**		
Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	Passenger	Cargo/Cont.	Difference
$5,252,118 (48%)	$5,706,591 (52%)	1,502 (20%)	5,877 (80%)	$3,497	$971	$2,526 (360%)

Moreover, data from the pilots own website states that passenger vessels account for 30% of handles (which is likely a high estimate) while cargo, tanker, naval and bulk ships account for 70% of handles (which is likely a low estimate). Regardless, data from the past three years clearly demonstrates that cruise lines are paying significantly higher pilotage fees than cargo and container vessels despite being an overwhelming minority of the work performed. The current pilotage fees cannot be "fair, just and reasonable" when cargo and container vessels make up around 80% of the pilots' work, but pay only between 47% to 52% of the total pilotage fees on an annual basis. While it may be impossible to achieve exact parity between cargo and container ships and cruise lines, the current system provides for an unreasonable, exorbitant, and penalizing rate for cruise lines calling on Port Everglades. Applicant's proposed rate change would begin bringing the rates into compliance with the statutory requirement of "reasonableness," and start providing some balance to the system.

iv. The Hours Spent on Piloting Underscores the Unreasonable Nature of the Pilotage Fees.

Although the above data paints a clear picture of the cost shift taking place at Port Everglades, looking at specific examples of how the pilots spend their time further demonstrates the unreasonable nature of the pilotage fees at Port Everglades.

It has been previously estimated that the total time spent by a pilot per handle of a vessel is approximately 2 hours. The actual time spent on board a vessel is less, usually around 1 to 1.5 hours. The amount of time spent per handle does not vary to any degree of significance for cruise ships as compared to cargo and container ships, yet the pilots earn a substantially larger fee for piloting cruise ships. As noted above, large cruise vessels pay between $9,000 to $16,000 in pilotage fees per call on port, or $4,500 to $8,000 per handle, or *two hours of work*. Royal Caribbean's "Oasis of the Seas", the largest cruise ship in the world along with its sister ship, the "Allure of the Seas," paid around $761,000 in pilotage fees in 2013 for 47 calls on port. **See Ex. 7.** The "Allure" paid around $793,500 in pilotage fees for just 49 calls on port. Collectively, these ***two ships* paid approximately $1.55 million in pilotage fees in 2013, or approximately 14% of the pilots' total income, for *just 96 calls on port, or around 2.5% (0.025) of the pilots' work.*** There is absolutely no rationale or logical explanation for why two ships which account for just 2.5% of total work account for 14% of all pilotage fees, nor can the pilots' provide the Rate Review Committee with one that withstands any scrutiny.

Aside from being arbitrary and completely unreasonable on its face, these fees are significantly steeper than what cargo and container ships pay, even though they require the same amount of time to handle, and often can present a greater degree of risk and liability to the pilots in boarding and navigation. Taking a random example of a cargo or container ships that called on Port Everglades in 2013, the "Wasaborg" – a container ship with a draft and tonnage of approximately 20 feet and 4,150 – called on Port Everglades 48 times in 2013. **See Ex. 7.** The "Wasaborg" paid a per handle fee of $414 and a per call fee of $828. Thus, for just 1 less call on Port Everglades in 2013 than the "Allure," the "Wasaborg" paid $39,744 in pilotage fees, or *$753,756 less* than Royal Caribbean paid for the pilots to perform almost the exact same amount of work handling the "Allure." Looked at another way, the "Allure" paid 7% of all pilotage fees and the "Wasaborg" paid 0.003% of total fees (3/10th of 1%) for the same amount of the pilots' work.

Perhaps more notably, the pilots would have to handle the "Wasaborg" 19.5 times to earn the same fees it would earn handling the "Allure of the Seas" *a single time*. For every single handle of the "Allure" (approximately 2 hours), the pilots have to spend 39 hours handling the "Wasaborg" to earn the same fee. Over the course of 2013, the pilots would have had to spend 1,911 hours piloting the "Wasaborg" to earn the same total pilotage fee they earned piloting the "Allure" for 98 hours.

While the pilots' will likely attempt to justify the grossly inflated fees by claiming that these large cruise ships are somehow more dangerous either to handle or to the port – both of which are patently false statements – the simple fact of the matter is that the pilots see large cruise ships as cash cows.

Where ten to fifteen years ago the largest ships calling on port may have likely maxed out at a per handle pilot fee of around $4,000, they are now hitting over $8,000 per handle, and $16,000 per call, all for the exact same amount of work. None of the pilots' conclusory and oft-repeated claims – that these ships are more difficult to handle, more dangerous to the environment, *etc.* – can withstand reality or scrutiny, and are nothing more than cover for the pilots' desire to force cruise lines to continue paying obnoxious, totally unreasonable fees which are a boon to the pilots' bottom line.

Applicant's proposed 25% discount would not bring complete parity to the system and would still result in passenger vessels paying significantly higher fees than cargo and container vessels, but it would begin moving the pilotage fees towards a level of reasonableness. For example, even with a 25% discount in place, the "Allure" and "Oasis of the Seas" would still be paying per handle pilotage fees of $6,073 and per call fees of over $12,000. This is still significantly more than what is paid by cargo and container vessels for the same amount of work, and should be lowered further if the Rate Review Committee determines it appropriate. Similarly, had the 25% discount been in place in 2013, the average per handle fee would have dropped only to $2,673, still an average of $1,652 more per handle than what is paid by non-passenger vessels. Thus, it is questionable whether a 25% reduction is significant enough to bring the pilotage fees into alignment with the "reasonableness" requirements of Chapter 310, but it is fully justified based on the existing rates and amount of work performed by the pilots as it relates to passenger vessel traffic.

v. Pilot Safety and Liability for Marine Incidents

Applicant recognizes the risks and dangers associated with a pilot's job, but the safety concerns are overstated and do not justify such excessive pilotage fees. For decades Florida pilots' associations have tried to make the dangers of their job front and center of the rate making process, as if the danger justifies compensation packages exceeding half a million dollars a year. Yet, the pilots fail to demonstrate that piloting is any more dangerous than a host of other professions that millions of people voluntarily enter into, and engage in, on a daily basis for a fraction of the pay. Moreover, the danger of piloting is no more significant when piloting cruise vessels as compared to cargo or container vessels, and the disparity in pilotage fees being paid by cruise lines is in no way representative of a level of increased risk associated with working on cruise ships.

Foremost, U.S. Bureau of Labor data demonstrates that there are many more dangerous jobs that that of a port pilot. The top ten most dangerous jobs in 2012 in terms of fatality rates were loggers, fisherman, airline pilots and flight engineers, roofers, steel workers, recycling collectors, electrical power line installers and repairers, truck drivers, farmers and ranchers, and construction workers. These fatalities occurred in many ways, including coming into contact with objects or equipment, transportation incidents, and falls, slips, and trips. **See Exhibit 8.** These jobs account for only a portion of the millions of jobs undertaken by Americans on a daily basis that involve physical exertion, the operation of tools or machinery, and activity that has potential for danger and death if not undertaken safely. Yet, virtually none of the workers in these occupations receive the extremely lucrative pay and benefits that port pilots are guaranteed on an annual basis (likely $350,000 per year or more, before including retirement benefits), and many workers engaging in dangerous jobs make little more than minimum wage and frequently do not have health insurance or an outrageous profit sharing plan in retirement (as will be described below) as part of their employment package.

Moreover, according to the Bureau of Labor's statistics for 2012, there was 1 fatality for workers in "Support activities for water transportation; port and harbor operations." **See Exhibit 9.** This is the same number of librarians and archive workers who died at work in 2012 (1), and less than the number of florists who died at work (2), the number of museum workers who died at work (3), the number of ship builders and furniture store workers who died at work (11 each), the number of new and used car dealers who died at work (18), the number of gas station workers who died at work (30), the number of elementary and secondary school workers who died at work (34), the number of real estate lessors who died at work (47), the number of restaurant and bar workers who died at work (113), the number of truck transportation workers who died at work (484), and far less than the number of police, fire and correctional officer work fatalities, which were in the hundreds. **See Ex. 9.** For example, in 2011 fourteen Florida police officers were killed in the line of duty (including seven to gunfire), and many more were injured. **See Exhibit 10.** Yet, entry level salaries for police officers in Dade, Broward, and Palm Beach Counties ranged from $40,000 to $49,000 per year. Fort Lauderdale police officers are generally required to contribute 8.5% of their salary to the City's pension plan. Thus, despite having a job that is – by anyone's standards – significantly more dangerous job than that of a port pilot, Fort Lauderdale's police officers receive a small fraction of the income earned by port pilots.

Of close comparison with the port pilots in terms of incurring potential risk in the workplace are members of the United States Armed Forces and, more particularly, the United States Coast Guard. Enlisted Coast Guard members include Maritime Enforcement Specialists ("ME's") and Boatswain's Mates ("BM's"). ME's job duties include "traditional maritime law enforcement, anti-terrorism force protection, port security and safety," and other duties. **See Exhibit 11.** BM's can act as federal law enforcement officers, become officers-in-charge of coastal patrol boats, and aid in search and rescue teams. Around Fort Lauderdale, an ME or BM would regularly boards vessels from small rigid inflatable vessels such as a Zodiac, often times in open waters and rough seas. In addition, BM's or ME's may be directly intervening in criminal activities such as drug or contraband smuggling where a vessel's occupants are armed or have other dangerous weapons. A recent ABC news article titled "Seafaring Drug Smugglers Challenging Coast Guard," outlined the substantial risk men and women of the Coast Guard face as smugglers increasingly take to the seas. **See Exhibit 12.** Yet, according to the Coast Guard, a "full-time enlisted Coast Guardsmen entering the Coast Guard make[s] a little over $15,000 for their first year of service, plus they are entitled to other allowances depending on their status." Even with a full housing allowance, an entry level enlisted member makes only a little over $30,000 per year, which is less than 10% of what a Port Everglades port pilot makes annually. **See Exhibit 13.** Even the highest ranking enlisted officers (military pay grade E-9) with 10 years of experience make a base salary of around $58,000, and a little under $85,000 annually if a housing allowance is provided (based on military housing allowances for Miami-Dade / Broward county area. Housing allowances are not awarded if on-base housing is provided). Thus, despite being engaged in seafaring activities that require the assumption of far greater risk and possibility for injury, experienced Coast Guardsmen are paid only a fraction of what port pilots earn on an annual basis and in retirement. While Applicant recognizes that a Coast Guard member may not a comparable profession in terms of identifying other maritime professionals with the same degree of skill or experience in order to determine an appropriate salary, these men and women incur far greater risks on a daily basis for a salary that is meager when compared to the port pilots, and there is no reason to believe that the danger inherent in a pilots' job warrants such lucrative compensation packages.

More importantly, perhaps, is the port pilots' ability to significantly minimize the potential for injury or death, which some professions listed above cannot minimize. For example, police officers and firefighters can only minimize risk to a degree, and do not have the option to refrain from engaging in dangerous tasks when duty calls. Of the 30 gas station attendant deaths in 2012, 22 were by violence from others, presumably in robbery attempts or other violent actions which can only be mitigated to an extent with safety measures. Conversely, by having an established safety system in place for retrieval of a pilot who has gone overboard, as well as requiring all pilots to wear life jackets for all transfers from the pilot boat to the vessel and requiring use of a safety harness system, the pilots can greatly minimize the potential for serious injury or fatality. Additionally, many cruise ships have low-level boarding doors, thus minimizing risk by eliminating the need for pilots to board the vessel by climbing a long ladder. Many cargo and container ships do not have low-level boarding doors, instead requiring the pilot to climb longer sections of ladder to board the vessel. At the very least, boarding cruise ships is no more dangerous, and frequently may be less dangerous, than boarding cargo or container ships, and the higher fees paid by cruise ships bear no rational relationship to the level of risk involved in boarding the ship.

The pilots' liability for potential marine incidents is also highly overstated, and is another example of an issue where pilots' make blanket assertions totally unsupported by any facts. Applicant's research failed to uncover any recent instances of a port pilot being held liable for a marine incident, and even in light of applications filed in other ports has still not been made aware of a single incident of a pilot being held liable for a marine incident in Florida. Rather, it is the vessel's captain that maintains full responsibility for a ship and its operations and who faces much more significant exposure in the event of a collision or accident. The ship captain or staff captain, *not the pilot*, maintains physical responsibility for engaging in the maneuvers necessary to dock and undock the vessel at port. While the pilots may claim that they "take the con" upon boarding the ship, the pilots' responsibilities do not extend beyond navigation assistance, as the pilot is not responsible for physically maneuvering the vessel. Moreover, Florida Administrative Code Rule 61G14-15.003 states that "[i]f a pilot determines that circumstances render transit by a vessel unsafe, the pilot shall not be required to board *or* direct the movement of the vessel until conditions permit safe transit." Similarly, if conditions for movement or docking become unsafe after the pilot has boarded a vessel, the pilot can order that transit be halted until conditions become safe. If the vessel's master elects to continue transit despite the pilot's request, the master takes full responsibility for direction of movement of the vessel. Thus, a pilot is only responsible for boarding and assisting in a vessel's navigation into port when marine conditions are considered safe by the pilot. Beyond dealing with ordinary currents and tidal conditions, any risk or liability that could be associated with navigation of the vessel in dangerous, hazardous, or volatile marine conditions is non-existent given the clear regulatory mechanism in place. Cruise vessel captains, who are responsible for thousands of lives and hundreds or billions of dollars in property, do not have this luxury and, therefore, have a greater incentive than port pilots to ensure the safe navigation of their ships in and out of port.

The pilots also have no responsibility for what can be the most dangerous part of calling on port, which is the docking and undocking process. Safely docking a cruise vessel can involve navigational precision that comes down to feet and inches. Upon reaching the berthing space, large, modern cruise ships generally have anywhere from five to eight officers who assist in docking and undocking the vessel, as this is not a pilot resopnsibility. In fact, section 310.141 specifically states that vessels are not required to have pilots on board to direct movement during the *docking and undocking process*. The pilots have no responsibility, either in conducting physical maneuvers or in providing direction, during some of the most challenging and dangerous parts of a call on port. Instead, they are responsible only for assisting in the navigation of vessels around Port Everglades' very well-defined waterways, and only in safe marine and weather conditions.

The cruise ships handled by the port pilots also have advanced navigational and propulsion mechanisms which provide significant improvements over many of their cargo and container counterparts. Most ships now have a modern electronic chart display and information system ("ECDIS"), and all Bridge Officers are required to be ECDIS certified and the vessels ENC (Electronic Navigation Chart) certified by July 1, 2014. Many vessels, in fact, have two ECDIS systems working together to provide redundancy. The ECDIS ensures navigational safety by automatically plotting a ship's position, as well as other ships within radar range, using radar and GPS input. From this plotting, the ECDIS can project potential problems including collisions with other ships. Additionally, the ECDIS allows for voyage planning and route monitoring. Once the vessel's allowable draft and other characteristics are entered into the ECDIS, the ECDIS provides warnings or alternative routes if a captain's planned voyage or navigational course will take the vessel over a hazardous area. Moreover, the ECDIS incorporates use of a depth sounder, which provides real-time warnings if a vessel is nearing a navigational hazard or if ocean bottom is becoming too shallow for the vessel's draft. Thus, while underwater navigational hazards are minimal in Port Everglades to begin with, the advanced technology on passenger cruise ships, in conjunction with many captains' extensive experience in navigating in and out of Port Everglades, significantly negates the level of risk involved in bringing a vessel in and out of port. This advanced technology has, in essence, given captains access to the unique or port-specific knowledge that may have been held only by the pilots in past decades.

Many newer cruise ships also employ azimuth thrusters or azipods, which are ship propellers that can turn 360 degrees on a horizontal plane, thus providing greater maneuverability to cruise ships and, in many instances, eliminating the use of tug boats and the difficulties that come with navigating a vessel with a fixed propeller or rudder system. These various technological advances frequently make large ships easier to maneuver than smaller ones, and the captains operating these ships have more vessel-specific knowledge than any pilot coming on board. This, again, helps mitigate risk associated with a cruise ship calling on port, which is not reflected in the unreasonable and excessive pilotage fees.

Ultimately, passenger vessels account for far less work than cargo or container vessels, present a lower level of risk or liability, and are safer than cargo or container vessels. As a result, the significantly higher pilotage rates paid by passenger vessels are unwarranted and must be reduced.

II. The Pilots Maintain Excessive Staff and Have Unreasonable Operating Expenses

A reduction in pilotage rates is also necessary because the pilots maintain an excessive staff of pilots and claim unreasonable operating expenses. When these two considerations are factored into the pilots' net income, it becomes even clearer that the current pilotage rates are excessive and unreasonable.

A. The Port Everglades Port Pilots Maintain An Unnecessary Staff Of Pilots Which Artificially Deflates Pilotage Rates

Florida Statutes §310.151 requires the Board to take into consideration the amount of time each pilot spends on piloting and other essential support services, as well as changes in vessel traffic at the port in question. Additionally, section 310.061 states that the Board "shall determine the number of pilots based on the supply and demand for piloting services and the public interest in maintaining efficient and safe piloting services." This information must not only be addressed when considering whether to increase rates, but also in determining whether to decrease rates. Applicant is not requesting that the number of pilots be reduced, but simply that pilotage fees only be based on the number of pilots needed to properly handle the vessels calling on port, regardless of the number of pilots the Association elects to keep employed. With respect to Port Everglades, vessel traffic has declined significantly since the 1990's and early-to-mid 2000's, yet the pilots have increased their staff by 1 pilot. As a result, the pilots are performing far fewer handles and far less work than they are capable of performing. The maintenance of an unnecessary staff of pilots artificially drives the pilots' net incomes downward, which must be considered in determining whether a rate decrease is appropriate. For at least a $350,000 a year in salary and benefits and a lucrative retirement to boot, the pilots should work a full-time schedule.

The Florida Statutes aim to maintain an adequate supply of pilots available to service necessary vessels, and a reasonable rate of pilotage must be based on having an adequate number of pilots *to meet demand*, as mandated by section 310.161 and Chapter 310. Yet, despite the significant and sustained decline in vessel traffic since the 1990's and 2000's, the pilots employ 1 more pilot than they did in the 1990's when vessel traffic was around 30-40% higher. As Table 2 demonstrates, in the pilots' peak year (of the last approximately 15 years), each pilot handled approximately 694 vessels per year. Yet, by 2013 the pilots were handling 434 vessels a year, or 260 less handles per pilot, per year. The difference in the total number between the pilots' peak year (2004) and lowest year (2013) was 4,426 handles, or a decrease of over 37%.

Table 2 sets forth the estimated number of handles per pilot, per year. This number of handles per year is from data provided by the Department of Business & Professional Regulation, while the number of pilots employed each year was not always readily available.

Table 2: Actual and Estimated Average Number of Handles Per Port Pilot – 1990's and 2000's

Year	No. of Handles	No. of Pilots	Handles Per Pilot
1999	10,811	16	676
2000	10,414	16	651
2001	10,005	16	625
2002	9,877	16	617
2003	11,677	17*	687
2004	11,805	17	694
2005	11,024	17	649
2006	10,939	17	643
2007	10,667	17	628
2008	9,223	17	543
2009	7,671	17	451
2010	7,821	17	460
2011	7,711	17	454
2012	7,436	17	437
2013	7,379	17	434

*Per the pilots' 2000 application, the number of pilots employed in 1999, 2000, 2001 and 2002 was 16 pilots. At some point in time the pilots acquired 1 additional net pilot. To provide the pilots with the benefit of the doubt, Applicant assumed this pilot was added in 2003. If the pilot was not acquired until after 2003, the figures herein would be even more disparate, with average per pilot handles in 2003 and 2004 reaching 730, or nearly 300 more handles per pilot, per year (and 600 more piloting hours) than in 2013.

See **Exhibit 14.** Estimating two hours of piloting duty per vessel, on average, the pilots spent approximately 14,758 hours piloting in 2013. On a per pilot basis, this equates to an average of 868 hours of piloting per year, 72.3 hours of piloting per month, 16.6 hours of piloting per week, 3.3 hours per business day (Monday through Friday), or 2.37 hours of piloting per day. At their peak in 2004, the pilots were averaging 1,389 hours of piloting per year, 115.7 hours of piloting per month, 26.7 hours of piloting per week, 5.3 hours of piloting per business day, and 3.8 hours of piloting per day.

From 1999 to 2007, the pilots *averaged* 652 handles per pilot, per year. In order to average 652 handles per pilot in 2013, only 11.3 pilots would need to be employed. In 2012, only 11.4 pilots. In 2011, 11.8 pilots. In 2010, 11.9 pilots, and in 2009, 11.7 pilots. Thus, in the past five years the pilots would never have needed more than 12 pilots to perform the same amount of work that they were performing over nearly the prior decade. Yet the pilots maintained a staff of 17 pilots, which equates to 5 extra pilot positions employed per year. In 2000, per pilot compensation packages were

valued at $364,000. If five unnecessary positions are staffed, this equates to $1.71 million in unnecessary fees being paid for pilot services annually, which over a five year span from 2009 through 2013 amounts to $9.1 million. Even if the pilots employed 14 pilots to account for any potential unexpected influx in vessel traffic, this is still three more pilots than needed and in 2013 would have the pilots performing an average of 527 handles per pilot, which is still 90 handles lower than the lowest yearly average from 1999 to 2008. With three unnecessary pilot positions being employed with an average salary and benefits package valued at $364,000, this amounts to $1.09 million in unnecessary pilotage fees paid per year, or around 10% of the pilots' current incoming revenue.

The pilots have been able to maintain an excessive pilot staff due in large part to the unreasonable fees charged to cruise lines, as the pilotage rates clearly bear no relationship to the actual time spent piloting. The increase in cruise line tonnage has been, in essence, an organic rate increase for the pilots. For example, in 1999 the pilots handled 10,890 vessels and earned total revenues of $7,818,092. This amounts to an average fee per vessel of $718. In 2013, however, when the pilots handled 7,379 vessels (3,511 fewer vessels, or over a 32% decrease in traffic), the pilots earned $10,958,709, for an average fee of $1,485 per handle. While increases to pilotage fees during this time may account for a small portion of this gigantic fee increase, the primary factor is the increase in vessel size – primarily cruise vessels – during this period of time.

Determining whether the pilots are maintaining a supply of pilots that meets demand is critical to the net income analysis. In their 2000 application, the pilots claimed a net income per pilot of $364,207. Thus, the maintenance of 1 or 2 unnecessary pilot positions significantly drives down pilot income. For example, if net incomes were based on the actual number of pilots needed to meet demand (as required by statute) and not upon the number of pilots the Association chooses to employ, a net income determination based on 15 pilots instead of 17 pilots would increase net incomes from $364,207 per year to over $412,767 per year, per pilot, a significant increase. If three unnecessary pilot positions were being maintained, which Applicant believes to be the case, a proper net income determination puts per pilot incomes at $442,251 per pilot.

To the extent that port traffic fluctuates depending on peak traffic seasons and times of the week when traffic is busier, peak seasons and traffic periods existed 5 to 10 years ago when the same number of pilots were performing significantly more handles. It is not as though cruise lines only began running on a seasonal schedule in the past three to four years. In fact, in the pilots' 2000 application, they asserted that they were going to maintain the same number of pilots "and a work schedule that permits well rested and highly trained pilots to report to vessels promptly." If 16 pilots were able to perform nearly 11,000 handles without problem in 2000, then certainly 17 pilots are not needed to perform less than 7,400 handles, as is the case presently. Moreover, the significant additional free time each pilot now has should alleviate any concerns that vessel operators may have regarding delays in service.

Ultimately, the pilots may elect to maintain an unnecessary staff of pilots despite consistent, sustained decreases in vessel traffic, particularly because the exorbitant pilotage rates and monopolistic nature of the piloting system provides the pilots with a lucrative income, healthcare benefits, and post-retirement profit sharing system. Yet, Chapter 310 clearly and expressly requires only that there be sufficient pilots to meet vessel demand and provide safe and efficient services, and that vessels calling on Port Everglades be responsible for paying pilotage fees sufficient to maintain such a staff of pilots. Chapter 310 also requires consideration of vessel traffic and the amount of time spent piloting, and the pilotage rates must reflect the significant and sustained decrease in both vessel traffic and the average time spent piloting over the past 10 to 15 years. Note, that Applicant is not requesting that the number of pilots be decreased, but is simply stating – consistent with the statute – that pilot supply should meet demand, and salaries of the pilots should be based on the supply and demand requirement. If the pilots elect to maintain and pay unnecessary positions that is their business, but rates are not required to account for the payment of unnecessary pilot salaries. Thus, in conducting a net income analysis, a net income determination for 17 pilots, as well as a net income determination for 14 pilots, should be considered by the Rate Review Committee, as *14 pilots is the absolute maximum number of pilots currently needed to provide safe and efficient piloting services at Port Everglades, and also provides a more than adequate pilot staff should vessel traffic increase over the upcoming years.* Applicant believes, in reality, that 12 or 13 pilots is all that Port Everglades currently needs to operate at fully capacity. With 14 pilots, the average number of handles per pilot over the past five years per pilot would have never exceeded 558 handles, which is still far fewer handles per pilot than they were performing just 5 to 10 years earlier.

Thus, in making the net income determination required by Chapter 310, net income should be based on the pilot association's employment of a staff of 14 active pilots. If the pilots association elects to maintain a staff in excess of 14 pilots, the association is free to distribute pilot revenues in a manner they choose, but the vessels calling on Port Everglades should not be obligated to pay pilotage fees in excess of what is necessary to employ a staff of 14 active pilots.

B. The Pilots' Operating Expenses Are Not Properly Classified, Are Not Reasonable, And Must Be Considered Income.

The Port Everglades pilots have refused to operate in a transparent matter with the FCCA, flatly refusing to provide financial information necessary for the FCCA to conduct the necessary calculations to complete its application. While pilot associations claim to be serving the public, this statement is undermined by the refusal of pilot associations to make their operations transparent or subject to scrutiny by anyone, including the state agencies governing their operations and rates. If the Port Everglades pilots remain unwilling to fully produce and disclose all necessary information to the FCCA, the public and the Rate Review Committee necessary to analyze the statutory criteria in section 310.151, Applicant maintains that – as it will demonstrate below – the pilots' current operating expenses are not reasonable, their salaries are excessive, and a rate reduction must be implemented. Absent production of comprehensive and detailed information by the pilots to the FCCA and for review by the Rate Review Committee necessary to analyze their financial condition under section 310.151, no other conclusion can be reached.

The Port Everglades pilots claim extensive and completely unreasonable operating expenses, in direct contravention to Florida Statutes Chapter 310. As far back as the pilots' 2000 application, the pilots' data showed that they were making around $350,000 or more per year. This figure was reached after the deduction of a variety of unreasonable operating expenses which, when added to the pilots' net income, pushes their income well north of $400,000 per year, per pilot, far in excess of what is reasonable or required by statute. Moreover, the pilots could easily sustain a 25% rate decrease

even if they were allowed to claim the unreasonable operating expenses, and the pilots attempt to artificially lower their net incomes should not enable the pilots in avoiding a necessary rate reduction.

The pilots' claimed operating expenses are flawed on a number of fronts. The chief component that is not reasonable is the claimed "retirement expenses" paid by the pilots. In their 2000 application, the pilots were paying $1,191,826 in retirement expenses. By 2003, the pilots estimated the figure to be $1,510,617, or approximately 18.7% of the pilots total projected income in 2003 of $8.039 million. Thus, between 15 to 20%, if not more, of all fees paid by vessels calling on port, and almost around 38% of all claimed operating costs *have absolutely nothing to do with the actual operation of the port pilots' business or provision of services to vessels calling on port*, but go directly to sharing income with retired port pilots. Aside from being unreasonable on its face, the retirement costs and other costs claimed by the port pilots cannot be considered reasonable operating expenses for a variety of reasons. As a result, the value of the retired pilots' profit-sharing plan must be attributed to active port pilots when making the net income determination.

1. The Port Pilots' Retirement Plan

As stated in an appendix to the pilots' 2000 application, "[t]here is no provision for a funded pension for inactive pilots." Rather, the pilots engage in a profit sharing arrangement with retired pilots, whereby retired pilots continue to receive a significant salary and benefits throughout retirement. According to their 2000 application, the port pilots structure their retirement plan in the following way. Retired pilots receive their base salary upon retirement for 5 years *and* each retired pilots receives 2% of pilotage collections each month, apparently for life. This is an enormous and unreasonable sum of money being paid to retired pilots, and cannot be considered an operating expense.

Before delving into why the pilots' payments to retired pilots cannot be considered a reasonable operating expense, an example demonstrating what 2% of current monthly collections equates to is set forth in Table 3, below:

Analysis of 2% of Monthly Collections Paid To Each Retired Pilot: Year 2013				
Month	**Pilotage Fees**	**Other Fees**	**Total Monthly Fees**	**2% of Monthly Fees**
January	1,308,373.47	11,775.36	1,320,148.83	26,402.97
February	1,185,543.90	10,669.90	1,196,213.80	23,924.27
March	1,149,074.63	10,341.67	1,159,416.30	23,188.32
April	1,290,772.67	11,616.95	1,302,389.62	26,047.79
May	1,073,645.95	9,662.81	1,083,308.76	21,666.17
June	677,133.42	6,094.20	683,227.62	13,664.55
July	643,883.76	4,507.19	648,390.95	12,967.81
August	652,306.18	4,566.14	656,872.32	13,137.44
September	587,345.75	4,111.42	591,457.17	11,829.14
October	633,194.84	4,432.36	637,627.20	12,752.54
November	768,394.44	5,350.76	773,745.20	15,474.90
December	993,040.36	6,951.28	999,991.64	19,999.83
2% of Monthly Fees Paid To A Single Retired Pilot in 2013				**221,055.78**

Assume there are 10 retired pilots currently at Port Everglades. This would equate to total retired pilot payments of $2,210,557 in 2013. As noted above, in addition to the 2% monthly gross collections, a pilot receives his or her base salary for 5 years post-retirement. In 2000, the pilot base salary was claimed to be $42,500. Assuming it hasn't increased since 2000 to beyond $50,000, a retired pilot in 2013 would have made at least *$271,055.* Retired pilots also appear to receive some form of health and disability benefits, although the exact nature and scope of such benefits is not clear to Applicant based on the limited information in its possession. In fact, in its report on the pilots' 2000 application, the Investigative Committee found that payments to retired pilots ranged from the low end of $157,996 to the *high end of $320,276.* It is unclear to Applicant, in what world and under what circumstances, it is considered reasonable to pay a retired pilot who engages in no functions advancing the pilots' current operations, $320,000 a year which is fully funded by the vessels calling on port. No complicated math or analysis needs to be done to conclude that $320,000 a year for a retired pilot is unreasonable on its face.

Ultimately, these payments cannot considered reasonable because profit sharing is not an "operating expense," and because Chapter 310 requires the value of "all benefits" to be considered in determining the adequacy of pilot compensation, which would include the value of the retirement benefits that active port pilots earn. Thus, the net income determination must be structured to account for the significant value of the pilots' claimed retirement expenses.

a. The Pilots Fail To Characterize Retirement As A Benefit Of Value.

First, section 310.151 of the Florida Statutes is clear in its mandate that "all benefits" derived from services as a port pilot must be included in determining active pilots' income and benefits. This would unquestionably include retirement benefits the active pilot earns as part of their overall compensation package while working at Port Everglades, regardless of the classification the port pilots give to the benefit (in this case, they call it an "operating expense"). Active pilots who give 20 years of service and reach 55 years old are entitled to receive five years of base-salary and 2% of

monthly collections for life. This absolutely must be considered a benefit of value included in determining the total value of an active pilot's compensation package.

In the past, the Investigative Committee has given some value to the payments received by retired pilots. While Applicant believes this is the correct view, Applicant believes both the pilots and Investigative Committee have significantly undervalued the actual value of the retirement payments as it relates to active pilots. Despite the statutory creation of piloting and legislative oversight and control of the process, Applicant has been unable to obtain documentation more recent than the 2000 application. Thus, Applicant has absolutely no way to reasonably determine the current number of retired pilots or the total fees being paid to retired pilots on an annual basis. For the purpose of this application, however, Applicant will assume 10 retired pilots currently exist. According to the Investigative Committee's report in 2000, there were 5 retired pilots. Applicant believe it is reasonable to assume that in the past 14 years, there has been a net increase of at least 5 more pilots, particularly given that the Investigative Committee's report contained information demonstrating that 7 of the active pilots started service between 1970 and 1990, making them eligible for retirement between 1990 and 2010. For the pilots starting in the 1970's and 1980's, retirement during the first decade of the 2000's was likely all but a guarantee, as these individuals were likely in their 60's and 70's by 2014.

With 10 retired pilots earning 2% of monthly revenue payments in 2013 of $221,055, total payments to retired pilots would have been $2,210,550. Per the investigative committee report in 2000, total payments to retired pilots are report, capped at 20% of total incoming revenue. In 2013, total revenue was $11,052,789. A 20% cap of this amount would be $2,210,557, or just $7 different than Applicant's estimated total retired pilot payments in 2013. Because pilots within 5 years of retirement also receive base salary, and retired pilots also receive limited healthcare and death benefits, Applicant believes it is completely reasonable to believe the pilots maxed out the 20% cap in 2013 of $2.210 million in payments to retired pilots. Applicant believes the 20% cap was likely maxed out in 2012 and 2011 as well, which would have put total retired pilot payments in those years at $2.183 million and $2.214 million (as total fees in 2012 were $11.072 million and in 2011 were $10.918 million).

The question becomes how to value this $2.2 million annual payout to retired pilots. In the past, the Investigative Committee and pilots have valued the retirement payments to each pilot at $28,000 to $30,000 per pilot. At $30,000 per pilot, this would only equate to a value of $510,000 when multiplied across 17 active pilots. This is both significantly short of the amount the pilots are likely paying out per year of $2.2 million, or around $129,000 per pilot, and is also far short of what the pilots receive in payments and benefits upon retirement, which currently likely may range anywhere from $200,000 to $350,000 *per year*. There is, simply, no reasonable way to claim that a pilot in his or her last year of work is only receiving a benefit of $30,000 when the following year, in retirement, he or she will be receiving $200,000 a year or more. Thus, attributing a paltry $30,000 value towards a per year retirement payment that is nearly tenfold in value is simply not reflective of the actual amount paid out by the pilots or the value of the benefit received by retired pilots. The failure to account for the remaining nearly $1.7 million falsely deflates pilot salaries by over $100,000 per year,

The fact that the port pilots have structured payments to retired pilots in a manner which (aside from being unreasonable, exorbitant, and not financially sound) requires payment of gross fees directly to retired pilots under a voluntary profit-sharing program, rather than paying into structured pension plans of working pilots over the course of their employment (*i.e.* a 401k, 403b, *etc.*) cannot allow the port pilots to turn what is considered an employee benefit in every other business in the world into a non-benefit and pure operating expense. By virtue of their existing service as a port pilot, the port pilots earn a retirement benefit of 2% of monthly benefits, a five year base salary payout, and healthcare and other benefits. This value is, without question, "a benefit derived" from service as a pilot and must be accounted for.

Failing to attribute the *full value* of this benefit to active port pilots would be to conclude that active pilots are not entitled to any retirement benefit as a result of their service to the pilot association, or are only entitled to a fraction of the actual benefit received, which is clearly not the case. In the U.S., the current average retirement age is approximately 61 years old; yet, port pilots can retire at 55 and earn a substantial salary throughout death. If a port pilot retires at 55 and lives until 80 earning a minimum of $220,000 a year in monthly distributions and a five year base payout of $250,000 (estimating $50,000 base salary a year for 5 years), this is a total retirement payout of *$5.75 million, before healthcare and other benefits.* For most retirees, healthcare is one of the most significant expenses in retirement, which is something retired port pilots receive assistance with. *All of these benefits are accrued by a pilot through their active service with the association, and without requirement of any contribution during active service.* The number of public or private businesses that offer such an outlandish retirement are likely few, if any, and failure to attribute the full value of this benefit to current port pilots would be in direct contradiction of the Florida Statutes. While Applicant fully recognizes the difficulty in pinpointing an exact value of the retirement benefit given that it fluctuates year to year based on total revenues and total number of retired pilots, Applicant believes it is safe to assume that in light of the number of retired pilots and pilots that will likely be retiring in the upcoming years, the pilots will max out the 20% cap on revenues in paying retired pilots. Given the relative annual stability of total revenues, Applicant believes the 20% cap is a concrete figure which can be easily attributed to current pilot incomes, and is a far more accurate representation of the benefit's value than $28,000 to $30,000.

b. The Pilots Elect To Engage In Profit Sharing Which Is Not An Operating Expense.

Setting aside the actual valuation of the payments to retired pilots for a moment, it is absolutely clear that the retirement payments – which are nothing more than profits taken out of incoming revenues and shared with retired pilots – are not "operating expenses" under Chapter 310, and thus must be included as part of the pilots net income. There is simply no middle ground; the profit sharing with retired pilots must be considered "operating expenses" or income, and they simply do not, and cannot, constitute operating expenses. Operating expenses are, by definition, expenses incurred by a business in order to perform their ordinary operations. The pilots' ordinary operations consist of providing piloting services to vessels that are statutorily required to have a pilot on board while calling on Port Everglades. Engaging in a profit-sharing plan with retired employees is not, under even the most tortured of definitions, an "ordinary operation" of the Port Everglades port pilots. *Not one cent* of the millions of dollars in cash income that is turned over to retired pilots is devoted to conducting the port pilots' operations or providing services to vessels calling on Port Everglades.

In fact, the financial statements attached to the pilots' 2000 application make clear that operating expenses and payments to retired pilots are not the same financial obligation, and that profit sharing with retired pilots is not an operating expense. The financial statement states that "[t]he Association **distributes its revenues to its active and retired members** based on the following description: The Association **allocates sufficient monies to pay the daily operating expenses** of P.E.P., Inc., an affiliated company. **Next,** *the Association allocates sufficient funds to satisfy obligations made to retired members.* Active pilots receive the remaining distributable funds." **Thus, not even the Port Everglades pilots consider their payments to retired pilots to be operating expenses.** Nothing more is needed to make clear under section 310.151 that payments to retired pilots are not operating expenses that can be claimed.

The pilots, however, when trying to demonstrate that their net incomes are reasonable or even warranting an increase, classify the astronomical retirement payments as an operating expense because it provides the pilots a win-win situation, all at the expense of the vessels calling on Port Everglades. First, by operating a profit-sharing plan where retired pilots are collectively paid millions of dollars a year in addition to receiving healthcare benefits, the pilots help guarantee themselves a retirement that can only be defined as highly lucrative. A pilot need only be 55 years old with 20 years of active service to be eligible for healthcare benefits and a six figure income for life. Second, increased payments to retired pilots helps artificially drive down active pilots' net income, which allows the pilots to claim a need for increased pilotage rates or, at the very least, the need to maintain rates at their current levels. Currently, Applicant believes the pilots' compensation package is at least around $350,000 per year, per pilot, if not significantly more. If the pilots devoted $2.1 million of the "retirement expenses" to active pilots instead, incomes would increase by over $120,000 *per pilot*, and would be even more unreasonable than the current salaries. Increases to pilot incomes by $120,000 per pilot, however, would provide absolute justification for pilot rate decreases, as net incomes would be around $470,000 per pilot, or just shy of *half a million dollars a year, per pilot* if any increase in vessel traffic occurred. The pilots attempt to avoid this outcome by directing millions of dollars in cash per year directly to retired pilots, calling it an "operating expense" and deflating active pilot net income in the process (all while guaranteeing an extremely generous retirement).

The pilots' 2000 application also clearly demonstrates that the payments to retired pilots is nothing more than profit sharing which cannot be considered an operating expense. In the application, the pilots estimated operating expenses to be $3,931,630 million in 2003 if their rates were not changed, and operating expenses of $4,069,473 million in 2003 if their rates were increased. Yet, *the only claimed* operating expenses that increased under the two projections were dues paid and, more significantly, the *amount paid in shared profits to retired pilots*, which accounted for the $137,843 of the total $146,458 difference in the 2000 and 2003 projections. There was absolutely no corresponding increase in the level or volume of service – or cost of providing service – which resulted in higher operating expenses for the pilots. Rather, when total revenues increase, payments to retired pilots as a share of revenue increases. It is not a coincidence that when total revenues rise, retired pilot payments increase along with active pilot payments, while operating expenses stay flat. It is because both payments are nothing more than revenue sharing. Moreover, the fact that the profit-sharing plan is tied directly to incoming revenues demonstrates its patent unreasonableness as a claimed operating expense; if profit sharing was considered an operating expense, as the pilots would like, then every increase in pilotage fees inevitably leads to higher operating costs and further supports a need for increased pilotage rates. The 2000 application is a perfect example, as the pilots claimed that the requested rate increase would directly lead to increased operating expenses of over $145,000 in retired pilot profit sharing payments. This is absolutely non-sensical.

Moreover, the more retired pilots that exist, the higher the pilots' claimed operating expenses would be, even though the actual cost of operating the pilot service does not increase, or may even decrease. For example, the investigative committee's report on the 2000 application included data demonstrating that there were 5 retired pilots and 4 active pilots with at least 20 years of service by 2000 who would be eligible for retirement. Assuming all four of these pilots retired by 2010, the number of retired pilots from 2000 to 2010 would have gone from 5 to 9, at a minimum. Thus, payments to retired pilots would have increased dramatically during this 10 year timeframe, while at the same time total vessel handles dramatically decreased from 10,414 in 2000 to 7,379 in 2013. Thus, even though there would be significantly lower actual operating expenses associated with running the pilot business due to a 29% decrease in vessel traffic (e.g., lower fuel costs, less piloting work, less administrative work to be performed, less wear and tear on boats, fewer hours worked by the pilots, *etc.*), the pilots' alleged operating expenses would have increased dramatically due to the increase in payments to retired pilots. Under no circumstances can these payments, which are totally unrelated to the actual operations of the pilot business and bear absolutely no logical, rational, or reasonable relationship to the level, volume, or quality of service provided, can be considered reasonable operating expenses under Chapter 310 of the Florida Statutes.

The Florida Statutes provide that the cost of operating a retirement plan can be considered by the Board. The costs and fees associated with administering a 401k (or some other formal, IRS approved retirement program) for the pilots, for example, may be considered a reasonable operating expense associated with running a retirement plan. Yet, the port pilots' profit sharing does not constitute any type of a recognizable or IRS approved pension plan, nor are there any corresponding costs associated with running such a pension plan. The voluntary profit sharing mechanism utilized by the pilots cannot be classified as an operating expense to artificially drive active port pilot net incomes down, as it is clear that the incoming revenues are being paid directly to retired pilots. Because the millions of dollars paid to retired pilots is, unequivocally and without legitimate dispute, part of the pilots' incoming revenues and has nothing to do with the actual cost of running the pilot operations, it cannot be classified as an operating expenses under Chapter 310, and must be included as part of the pilots' revenue after expenses.

While the pilots' profit sharing system is not a valid retirement plan, Applicant will assume that the pilots can deduct, as a valid operating expense, the administrative costs of running the profit sharing plan and healthcare plan for retired pilots, no different than the administrative costs of running a 401k or similar plan. It is unlikely, however, that such administrative expenses would exceed $50,000 annually. As noted above, assuming that the pilot association hit the 20% cap in payments to retired pilots in 2011, 2012, and 2013, total payments to retired pilots were approximately $2,210,557 in 2013, $2,183,658 in 2012, and $2,214,531 in 2011. Subtracting $50,000 as a valid operating expense to run a pension plan, and the pilots had at least $2.1 million left over each year in profit sharing payments that must be included in the pilots' revenue stream when making the net income determination. Divided across 17 active pilots, per pilot net incomes are increased by over $120,000 per pilot, which only goes further to

demonstrate that the pilots are earning net incomes based on pilotage fees that are grossly unreasonable and excessive.

i. Value of Purchase Money Plan for Active Pilots

In addition to the profit sharing payments with retired pilots, the pilot association also operates a purchase money pension plan which provides a 25% contribution on the pilots' base salary. In 2000, the base salary was $42,500 and the association contribution per pilot was $10,650. Applicant assumes base salaries have risen in the past decade to at least $50,000 or more, but given the relatively small difference in amount Applicant will assume that in 2013 each pilot still received a contribution to a purchase money plan valued at $10,650, which must be included as a benefit of value as part of the pilots' compensation plan, and not as an operating expense.

The Port Everglades pilots have refused to provide documentation necessary to analyze the current value of the purchase money plan, and will likely refuse to disclose such documentation to the Rate Review Committee, thus foreclosing the opportunity to review the plan as required under section 310.151.

ii. Value of the Retired Pilots' Healthcare Benefits

The receipt of healthcare benefits in retirement from a person's former employer is also a significant benefit, the value of which must be considered as part of the active pilots' total compensation plan. Most employees of private businesses do not receive healthcare benefits in retirement, and healthcare costs are one of the most significant, if not the most significant, burden that retirees face in their golden years. Many employees in the public sector receive healthcare upon retirement, but these employees also earn significantly lower salaries than port pilots during the decades of their active employment. Port pilots not only receive a lucrative income and benefits during their active service, but it appears they also receive some form of healthcare benefit in their retirement. Clearly, deriving healthcare benefits for life upon retirement is a benefit of value received by the pilots as a result of their active service with the pilot association, and thus must be considered under Chapter 310, Florida Statutes, when making the net income determination. To fail to attribute a value to this benefit would be in direct contravention of the statutory requirements.

The Port Everglades pilots have refused to provide documentation necessary to analyze the current retired pilots' healthcare benefits, and will likely refuse to disclose such documentation to the Rate Review Committee, thus foreclosing the opportunity to review the plan as required under section 310.151. Given the lack of detailed information in Applicant's possession about the healthcare benefit for retired pilots, it is extremely difficult to place a direct value on the healthcare benefit without additional information that is not available to Applicant.

2. The Port Pilots' Non-Retirement Operating Expenses are Artificially Inflated

The pilots refused to provide documentation necessary to analyze the reasonableness of their claimed operating expenses, another statutory criteria necessary for review. The pilots' opposition to transparency, particularly in light of the statutorily imposed lack of competition at Port Everglades (it's not as though disclosure of the financial information could allow the pilots to be undercut by a competitor – they do not exist), is telling. What are the pilots hiding? If their operating expenses are reasonable, why not disclose them to the FCCA, the rate payers, the public, and the Rate Review Committee?

The reason the pilots have not, and likely will not, disclose their full financial statements and other necessary documentation is because their operating expenses are historically unreasonable and artificially inflated in order to drive up pilotage rates and, consequently, pilot income. In their 2000 application, the port pilots estimated that operating expenses would jump from $3,051,703 in 2000 up to $3,931,630 in 2003. This is a four year increase of $879,927, or 29%. There is no justification for such drastically increased operating expenses, which would be rising at an annual rate of over 7% a year according to the pilots. This increase in expenses is also questionable given that the pilots' financial statement says that most operating expenses are assumed to increase at 1.6% to 2.2% per year. A closer look at the port pilots' operating expenses makes clear that the numbers are not justified, and may be nothing more than a method of padding their salaries with additional income through increased rates.

a. Increased Cost of Living

It is difficult to believe that anyone earning a salary and benefits exceed $350,000 per year would state that their salary does not keep up with the cost of living in South Florida, but this is exactly what the port pilots did in 2000 when requesting a rate increase. Like many other pilot associations, the Port Everglades pilots believe their salaries of over a third-of-a-million dollars a year are not adequate to account for cost of living increases. Yet, the median net income of a Florida household in 2012 was $48,000; thus, in 2000 a single port pilot made approximately around 750% of the median household income in 2012, and likely had significantly better healthcare and fringe benefits. Entry level Coast Guardsmen, police officers, and firefighters make anywhere from $30,000 to $45,000, despite the CPI and costs of living in Broward County. Many businesses are unable to raise salaries to match inflation as measured by the CPI, and the port pilots' belief that their salaries have not adequately kept up with inflation shows the unreasonable nature of the existing pilotage rate system.

b. Non-Pilot Employee Compensation

Current non-pilot employee compensation is unknown because the pilots' have refused to provide the necessary documentation to analyze this factor under section 310.151. If the Rate Review Committee is not provided with this information, current non-pilot employee compensation should be considered unreasonable. In 2000, the port pilots stated that non-pilot employee salary expenditures were $422,353, and the pilots claimed to have spent $206,469 in fees to other professionals for services. This totals $628,822. In their 2000 application, the pilots estimated non-pilot salary increases which put non-employee salaries at $525,171 by 2003, and fees for professionals at $219,105, for a total of $744,276. This is a four year

increase of $115,454, or 18.3%.
There is no explanation for such dramatic salary increases or even the base salaries the pilots are paying non-pilot employees or contractors. The pilots claim in their 2000 application that the *pilots – not hired employees – manage the administrative arm of the piloting business.* As the pilots state, this includes managing "major medical and dental insurance administration; boat, building and dock maintenance; drug testing, reporting, and administration; and the support and supervision of 9 full-time employees and 2 independent contractors in Accounting and Computer Services." The pilots claim that the time spent on these duties equates to what 2 full-time executives would spend if hired to perform the same duties. The pilots' 2000 application states that included in each pilot's compensation on an annual basis is a salary for performing "administrative and technical" services which are "over and above their normal piloting duties." In 2000, each pilot was compensated $42,516 for providing such services, for a total amount of $680,256 for 16 pilots. The pilots also state that one pilot acts as the "Managing Pilot" to liaison with consumers, port and regulatory authorities, and others where necessary. The pilots include this as another essential support service performed by the pilots. Thus, according to the pilots in 2000, they paid compensation exceeding $1.3 million ($628,222 to non-pilot employees and professionals and $680,256 to themselves) to perform the administrative and managerial functions of the business.

These facts raise a host of unanswered questions. Foremost, how does it cost over $1.3 million to run the pilots' small operation? What is so complicated or difficult about the business that requires the expenditure of such resources? Moreover, if pilots are performing the general management of the piloting business (both allegedly performing the same volume of work as two full time executives and also performing services as a Managing Pilot), then why are *11 other non-pilot employees* required to run the remainder of the business? The pilots include their time managing the business as an "essential support service" for which they are clearly, very well compensated. Thus, what non-piloting, non-managerial tasks exist that require the need for11 non-pilot employees? Is it a reasonable operating expenses for vessels calling on port to pay for the services of these 11 employees, or are they employed because the pilots can merely afford to employ this many personnel members? Who are the administrative staff members and what are their full-time job functions? Do these employees work full-time, performing necessary functions of the piloting operations? Nine full-time employees working 40 hours a week would perform 18,720 hours of work over the course of a year. What part of the piloting operation is so complex or laborious as to require nearly 19,000 administrative staff hours a year. In fact, the pilots' *current* website only lists five employees (4 named employees and one unnamed employee) as non-pilot employees. Thus, how many non-pilot employees are actually necessary to operate the administrative arm of the pilot's business?

Moreover, these non-pilot employees and contractors were compensated at a total amount of $628,822 in 2000, and an estimated $744,276 by 2003. Is this a reasonable amount for what are, apparently, non-managerial positions? Is an average salary for the 11 employees of $57,165 in 2000 and $67,661 by 2003 a salary that is appropriate for these positions? If there are only 5 non-pilot employees, as the current website states, why are they being compensated – at least according to year 2000 data – $422,353? This equates to an average salary of $84,470 in 2000. Using 2003's estimates, the 5 non-pilot, administrative employees would be earning $148,000 a year. Is this an appropriate salary for the position? Similarly, why are professional fees exceeding $219,000 being paid annually? What are these professional fees covering? While Applicant understands there may be some necessary computer and network maintenance and things of that nature, there is no possible way these payments could reasonably amount to $219,000 per year, each year. What are the professional fees covering, and why is a quarter-million dollars every year allocated to such fees?

The Rate Review Committee must be provided with sufficient information from the pilots to conduct an analysis to determine whether the administrative salaries are "reasonable," which includes consideration of how many staff positions are employed, their duties, and their rate of pay. Applicant believes the 2000 fee of $628,822 was excessive and should be significantly lowered if determined to be unreasonable. For the purpose of determining appropriate net incomes, however, Applicant will utilize this figure as a base number to project future calculations.

c. State and FSPA Dues

In their 2000 application, the pilots claimed $77,754 in "State Board of Pilots – Dues," and another $77,754 in "FSPA – Dues" and another $20,454 in "Dues and subscriptions." This totals $175,962 in dues for 2000. Applicant understands that the Department of Business & Professional Regulation levies a fee on the pilots on an annual basis, and that in 2000 the fee was approximately 1% of total revenues, which would be close to $77,000. Yet it is still unclear from the documentation if the pilots were paying the DBPR for the fees, or why total "dues" are just over $175,000 per year. Does the association also pay the FSPA the same annual fee it pays the Department? If so, is it a reasonable operating expense that vessels should have to pay? In 2013 the Department's fee was .009, or just under $100,000 when calculated against total revenues. Is it reasonable for the pilots to pay another $100,000 to the FSPA, and should vessels calling on port have to pay $100,000 for the pilots voluntary participation in a statewide organization?

Per Florida Administrative Code Rule 69G14-14.004, state pilots pay a biennial due of $195.00, which equates to dues of $97.5 per year. Deputy pilots pay biennial dues of $95, or $47.5 per year. While Applicant is unsure if this fee was the same in 2000, Applicant will assume it was for the purpose of this application. In 2000, when there were 16 pilots, and Applicant will assume 2 deputy pilots, total dues would have been $1,655. This is far short of the $175,962 claimed by the pilots, as also well as the $20,454 claimed by the pilots for "Dues and Subscriptions."

d. Insurance Costs

While Applicant understands the growing costs of healthcare insurance, in addition to costs of workers' compensation insurance and other forms of insurance potentially provided by an employer, it is questionable whether the pilots claimed insurance costs are reasonable. In their 2000 application, the pilots claimed insurance costs of $453,310 in 2000, going all the way up to $650,240 by 2003.

According to the Kaiser Family Foundation, in 2012 the "Average Single Premium per Employee for Employer Based Health Insurance" was a total employer and employee contribution of $5,179. Other studies and reports indicate that per employee premiums may cost an employer up to $8,000

per year, per employee in premiums. These figures are likely higher than what healthcare cost in 2000 and 2003. However, using this data and assuming that the pilots had 27 employees covered by healthcare in 2000 and 2003 (16 pilots, 2 deputies, and 9 employees which Applicant believes to be unreasonably high particularly given that the pilot's current website reflects only 5 non-pilot employees), at premiums of $8,000 per employee, healthcare premiums in 2000 and 2003 would have been $216,000. This leaves $237,310 left over for other insurance in 2000, and $434,240 left over in 2003 for other insurance premiums. Did the remaining insurance premiums in 2003 really cost $434,240? Aside from costs paid for mandatory insurance premiums (such as workers' compensation), is this a reasonable amount to pay in insurance premiums? Even assuming that healthcare costs were $350,000 in 2003, this would still leave another $300,000 in insurance premiums to be accounted for. Did the pilots really spend this much money on insurance and, if so, are the pilots' expenditures reasonable? Who is covered under the insurance plans, and is there any contribution requirement if, for example, a pilot is including his or her entire family under a healthcare plan? If a pilot can include his or her entire family under the Association's healthcare insurance without any out-of-pocket cost to the pilot, how is this value being determined and attributed to the pilot on an annual basis as a benefit of value? The Investigative Committee's report from the 2000 application appears to indicate that the pilots and all of their dependents receive full coverage health and dental insurance. Health insurance premiums for a family of five have been estimated to be between $15,000 and $20,000 annually, and full dental would only increase this cost. If no out-of-pocket expenses are incurred by the pilot, this is a benefit of significant value that must be attributed to the pilots.

Current health insurance and other insurance data is unavailable to Applicant because the Port Everglades pilots have refused to provide the documentation necessary to analyze these costs.

e. Other Operating Costs

The pilots' 2000 application is also filled with other claimed operating costs that are, at best, questionable and likely cannot be considered reasonable operating expenses. For example, the pilots claim "contributions" of around $23,000 per year and "political contributions" of over $28,000. While the pilots are free to contribute money as an organization or individuals as they see fit, these cannot be operating expenses paid by ships calling on port. The pilots also have a line item for a "service contract" for around $22,000 per year. Without explanation, it is not clear what this service contract is for or whether it is necessary for the essential operations of the pilot, and thus a reasonable operating expense. In their application, the pilots also claimed an annual expense of around $42,000 for "business development." As a state-created monopoly, what "business development" do the pilots engage in that costs $42,000 a year? Vessels calling on Port Everglades subject to pilotage have no choice but to utilize the pilots' services, and have no options to select a different pilot service provider. While business development is critical to a competitive marketplace, the Port Everglades pilots have no competition. Do the pilots spend this money to try and draw additional traffic to Port Everglades instead of other local ports? If so, how does this activity amount to a recurring $42,000 a year expense?

Because the Port Everglades pilots refuse to provide current financial data, it is unclear what host of "Other Operating Costs" payers at Port Everglades are paying, most of which may very well be unreasonable. The pilots should turn over detailed information to the Rate Review Committee to analyze these costs.

III. Conclusion.

There is no rational, logical, or reasonable justification for the excessive pilotage fees being paid by cruise line companies with vessels calling on Port Everglades. As the size and tonnage of cruise ships has grown dramatically over the past 10 years, pilotage fees have skyrocketed to levels that are not "reasonable" under the statutory requirements of Chapter 310. Per handle fees that regularly run between $4,500 and $8,000, and per call fees that regularly run between $9,000 and $16,000 bear no rational relationship to the time spent by the pilots handling these vessels or any level of risk or danger involved. The pilots do not spend significantly more time piloting large cruise vessels, they present no greater risk to the pilots' safety in boarding and disembarking, and the highly advanced nature of these vessels makes navigation as safe as many of the cargo and container ships which pay significantly lower fees and which do not have the same sophisticated equipment on board. The unreasonable growth in pilotage fees results in a system where passenger vessels account for a minority of the pilots' work – usually around 20 to 25% – but a majority of the pilotage fees being paid. Applicant's proposed 25% fee reduction for passenger vessels begins moving the pilotage fees towards the realm of reasonableness, and eliminates the unnecessary financial costs incurred by cruise lines in paying millions of dollars in pilotage fees per year for a relatively small amount of work.

A reduction in the pilotage fees is also warranted in light of the sustained decrease in vessel traffic. History demonstrates that the pilots are capable of conducting at least 600 vessel handles per year, per pilot. Yet the pilots currently maintain a staff of active pilots who are performing around 475 handles per year, per pilot. Under Chapter 310's statutory scheme, vessels calling on Port Everglades are required to pay pilotage fees sufficient to cover the reasonable salaries and benefits of only the number of pilots necessary to meet demand and efficiently handle the vessels calling on Port Everglades. Finally, the pilots' claimed "retirement expenses" as part of their operating expense is patently unreasonable under Chapter 310, and a large portion of the profit sharing plan's value and the benefits provided to retired pilots must be included in the "net income" determination and in analyzing whether the current fees at Port Everglades can be considered "reasonable" as required by statute.

4. Effective Date of Last Pilotage Rate Change: The current pilotage rates are effective as of June 13, 2003. Based on the information in Applicant's possession, applicant believes that the prior and current rates are as follows:

Pilotage Charges Increased at that time:

Charge	From	To
Draft (14 ft minimum)	$11.49 / foot	$13.30 / foot
Tonnage (2500 GRT minimum)	$0.0308 / GRT	$0.0356 / GRT (with graduated rates of $0.0343 and $0.0330 for additional tonnage, as described in section 2.
Shifting	$200	$300 plus tonnage fee
Anchoring	$200	$300 plus tonnage and draft fee
Cancelled Orders	Data not available	$100.00
Detention	$100 per hour after first half-hour	$100 per hour after first half-hour
Minimum Charge	$214.88	$334.91

5. FINANCIAL INFORMATION

(a) PILOT

Please attach the appropriate financial statement as Exhibit I or Exhibit II.

Not applicable.

(b) PERSONS OTHER THAN A PILOT

Is the application for a rate decrease which alleges that financial hardship is caused to the applicant as a result of existing rates of pilotage? ☐ YES x NO

Please attach the appropriate financial information as Exhibit I-I or Exhibit I-II.

Not applicable.

APPLICATION FOR CHANGE OF RATES OF PILOTAGE
PAGE FOUR

(REQUIRED BY PILOT APPLICANT/OPTIONAL BY NON-PILOT APPLICANT):

Number of Vessels Handled During:

Despite making attempts to obtain this information from various public and non-public resources, Applicant was unable to obtain specific information regarding the breakdown of vessel handles made by the pilots. The only information made available to Applicant relevant to handles made by the pilots in recent years was the total number of handles, which is addressed elsewhere in this application.

Tonnage of Vessels Handled	Second Preceding Fiscal Year F/Y/E:	Last Fiscal Year F/Y/E:	Estimated Current Fiscal Year F/Y/E:	Projected Next Fiscal Year F/Y/E:
Less than 500 GRT				
500 - 1000 GRT				
1000 - 2000 GRT				
2000 - 5000 GRT				
5000 - 10000 GRT				
10000 - 20000 GRT				
Over 20000 GRT				
Draft of Vessels Handled				
Less than 8 feet				
8 - 10 feet				
11 - 15 feet				
16 - 20 feet				
21 - 25 feet				
26 - 30 feet				
31 - 35 feet				
Over 35 feet				
Length (LOA) of Vessels Handled				
Less than 100 feet				
100 - 250 feet				
250 - 500 feet				
500 - 750 feet				
Overt 750 feet				

7. Comparison of the average net income of pilots in the port, using current rates, including the value of all benefits derived from services as a pilot, to the projected average net income using the requested rates.

Applicant requested the financial data necessary to complete the analysis in this section from the Port Everglades pilots, which was flatly refused. Because the most current data in Applicant's possession is from 2000 and earlier, there is no way to reasonably extrapolate from that data the exact net income of the pilots, although Applicant believes there are various assumptions that can be made which are relatively safe, and show that the pilots' salaries is excessive and can fully withstand a rate decrease. Should the pilots' refuse to provide the comprehensive data necessary to the Applicant and Rate Review Committee, the Committee should assume pilot salaries can withstand a rate decrease without problem.

As set forth in section 3 of this application, the operating expenses claimed by the pilots in the past were not reasonable as required by statute, particularly as it relates to the pilots claim that likely over $2.1 million a year in retired pilot expenses are justifiable "operating expenses" under the statute that have no corresponding value to active pilots. Applicant believes it is safe to assume that the pilots have hit, or are close to hitting the 20% cap on revenue sharing with retired pilots, and this full value must be attributable to active pilots. Moreover, the pilots' net income should be calculated based on only the number of pilots necessary to handle the volume of vessels calling on port. The pilots may maintain an oversized staff of pilots who are increasingly doing less work, but vessels calling on Port Everglades should only be required to pay for the number of pilots actually needed to adequately perform the piloting services, which appears to be no more than 14 pilots at this time and in the foreseeable future.

According to the 2000 application, operating expenses (minus payments to retired pilots) were $1,603,699, or 20.5% of total revenues of $7,818,092. In 2013, the pilots earned $11,052,789. Giving the pilots the benefit of the doubt and assuming operating expenses increased to 25% (again, not including payments to retired pilots) of total incomes, total operating expenses in 2013 would be approximately $2,763,197 and remaining revenues for distribution would be $8,289,592. This number may be low given that the pilots have a history of inflating even legitimate operating expenses. Regardless, when divided across 16 active pilots, this comes to a net income per pilot of $487,623, before the value of other benefits is included, such as healthcare. Assuming assuming the healthcare benefit is another $20,000 and all other benefits total $10,000, which is not unreasonable given healthcare plans utilized by other pilot associations, and total compensation packages for active pilots in 2013 are likely around $517,623. This attributes the full value of the payments to retired pilots, as it should. Even if a 25% discount for passenger vessels was applied, total pilotage fees would have reduced to $9,739,760. Assuming the same operating expenses of $2,763,197, and total revenues for distribution would be $6,976,563, or $410,386 before other benefits are added, or $440,386 if $30,000 in benefits are added.

If pilotage fees were based on the employment of only 14 pilots, which would be more than sufficient to meet current demand at Port Everglades, then net incomes before the 25% discount would be $592,113, and $622,113 with $30,000 in benefits. After a 25% discount net incomes hit $498,325, and $528,325 with the $30,000 benefit.

Again, it is not possible to make precise determinations in light of the pilots' lack of transparency and refusal to provide necessary documentation to analyze the statutory criteria under section 310.151. However, when the pilots' net income is determined in accordance with the statutory requirements of Chapter 310, whereby only reasonable operating expenses are considered, it is clear that the pilots, even with a 25% rate reduction for passenger vessels, earn a highly lucrative compensation and benefits package that will continue to more than adequately compensate the pilots for the work performed.

	PRIOR YEAR	PRESENT YEAR	PROJECTED YEAR I	PROJECTED YEAR II
Total Number of Pilots				
Gross Pilotage Fees				
Operating Expenses				
Net Income				
Average Net Income Per Pilot				

Itemize Other Reasonable Operating Expenses of Pilots: (unaudited): N/A.

8. a) Pilotage rates in other ports deemed relevant by the applicant:

PORTS PILOTAGE RATES

Florida Port	Rate per Foot of Draft	Rate per Gross Ton	Small Vessel Total Fee	Large Vessel Total Fee
Port Miami	$17.433	0.0364	$385.80	$2,420.82
Palm Beach	$15.375	0.0335	$355.82	$2,209.12
Port Canaveral	$12.50	0.028	$282.21	$1,836.69

Attempts to compare Port Everglades to ports like Jacksonville, Tampa or Savannah are inaccurate, as these ports require much lengthier and more complicated navigation for vessels calling on port. In addition to these facts, comparison to *any* other port must take into consideration the total number of handles per year conducted by the pilots, the total revenues, the total net income per pilot and the hours worked. Applicant does not have access to such information. Applicant understands from past documentation, however, that while the pilots have boasted the lowest pilotage rates on the east coast, further analysis has demonstrated their net incomes to be higher than other ports. Thus, looking at rates of other ports in a vacuum ultimately does little to demonstrate whether pilotage rates are, in fact, reasonable.

b) **(REQUIRED BY PILOT APPLICANT/OPTIONAL BY NON-PILOT APPLICANT)**

Time Spent by Applying Pilot on Actual Piloting Duty (Actual Hours/Year)

Time Spent by Applying Pilot on Other Essential Support Services (Actual Hours/Year)

Estimating two hours of total piloting duty per vessel (which, according to the pilots' 2000 application, includes travel time to or from the vessel and organizing vessel and billing information), on average, the pilots spent approximately 14,758 hours piloting in 2013. On a per pilot basis, this equates to an average of 868 hours of piloting per year, 72.3 hours of piloting per month, 16.6 hours of piloting per week, 3.3 hours per business day (Monday through Friday), or 2.37 hours of piloting per day. At their peak in 2004, the pilots were averaging 1,389 hours of piloting per year, 115.7 hours of piloting per month, 26.7 hours of piloting per week, 5.3 hours of piloting per business day, and 3.8 hours of piloting per day.

In addition to actual bridge time worked by the pilots, in the 2000 application the pilots added to their bridge time estimates that each pilot works an average of an extra 10.5 hours per week in the #5 quick call position. The pilots' calculation of this figure in the past was contrary to the regulatory requirements and appeared to be a method by which the pilots could artificially boost the hours they spent piloting. The regulatory framework requires an analysis of the time spent by the pilot "*on actual piloting duty*." In their 2000 application, the pilots claimed each pilot averaged 13 jobs per week and, at 2 hours per handle, worked 26 hours of bridge time a week. Yet, to this bridge time the pilots add 10.5 hours when a pilot serves as a quick call pilot in the #5 position of the pilot rotation. As the pilots explained in their application, and as the name suggests, the #5 quick call pilot covers extra handles that cannot be handled by the four pilots on duty at any given time. If all of the handles during a shift can be handled by the four on duty pilots, the quick call pilot would have 0 hours of actual piloting time. Conversely, if the four active pilots cannot handle 3 handles during a shift, the #5 quick call pilot would pick up those three handles and have six hours of extra bridge time. It seems highly unlikely that the quick call position handles 5 vessels per shift, which is the only way the pilots could devote 10 or more hours in the quick call position to total bridge time. While a quick call pilot may be "on call" for an amount of time that averages out to 10.5 hours per week, being on call is not time spent on actual piloting services, no different than a pilot that is on shift is not engaging in actual piloting duty when there are no vessels calling on port. Simply put, each pilot is not spending an additional 42 hours a month (10.5 hours a week times four weeks) piloting vessels in the quick call position. Applicant understands from the pilots' 2000 application that each pilot spends "1/8 of the 4,380 hours (26 weeks) [of] duty time" in the quick call position, or a total of 547.5 hours in the quick call position. Based on 12 hour shifts, this equates to 46 quick call shifts over the course of a year. Assume that a pilot averages 2 handles per quick call rotation (which may well be a high estimate given the significant decrease in vessel traffic and, likely, a reduced utilization of the quick call position), it equates to 92 handles as a quick call pilot, or 184 hours of piloting time as a quick call pilot per year. This equates to 15.3 hours of piloting time per month, 3.5 hours per week, .7 hours per business day, or .5 hours per day. As it relates to actual time spent piloting, Applicant believes this estimate is likely much closer to the actual time a #5 quick call pilot spends on piloting per year than the pilots' claim of 10.5 hours per week. Again, the regulatory requirements seek the number of hours spent actually piloting, not the number of hours a pilot may spend on call.

With respect to time spent on "Other Essential Support Services," Applicant does not have detailed information in its possession but believes additional time spent on these functions is not so significant as to warrant the excessive fees currently being paid to pilots. In their 2000 application, the pilots claim their essential support services to be: 1) dispatching; 2) serving as "Managing Pilot" to liaison with consumer and regulatory authorities; and 3) performing managerial functions of the pilot association, including administrative and other tasks.

While Applicant agrees that dispatching is an important function of the pilots, to the extent that dispatching is performed at the same time as other piloting services, it simply cannot be considered additional hours worked by the pilots. Moreover, in the pilots 2000 application they estimate that dispatching would require four full time employees working 42 hours a week each to perform the dispatching function, which would equate to 168 dispatching hours per week, or having a dispatcher working 24 hours a day 7 days a week. This is not a valid way to calculate actual hours spent dispatching and is likely a significant overstatement of the time spent on dispatching as an independent job function.

The regulatory framework require an analysis of the actual time spent by the pilots on other essential support services, which is absolutely unrelated and irrelevant to the number of hours an employee could be hired to fill a position responsible for the same support services. Employing a dispatching position that operates 24 hours a day 7 days a week does not in any way mean that the pilots in turn spend 24 hours a day on dispatching services, as they have claimed. There are frequently 2, 3 or 4 hour breaks between ship arrivals or departures on any given day during which dispatching services would not be required, or would be utilized minimally. It is the sporadic need for dispatching that likely allows the pilots to perform the function without hiring a full-time employee in the first place. Moreover, the pilots averaged only 142 handles per week in 2013. If the pilots' estimate of 168 hours a week in dispatching were accurate, this would equate to an average of just under 1.2 hours of dispatching *per handle*, which simply is not the case. While Applicant does not have adequate information to pinpoint the amount of time actually spent by the pilots dispatching, even if Applicant assumes that in *addition to any dispatching done during a 2 hour call*, the pilots spent 20 additional minutes of dispatching work per vessel call (which is likely a high estimate), this equates to only 145 hours of dispatching per year, 12 hours per month, 2.7 hours per week, .55 hours per business day, or .39 hours per day.

The pilots also claim that each pilot spends 2.3 hours per week as the Managing Pilot working as a liaison with the community and regulatory authorities, and 4.6 hours on executive and managerial functions. While both figures seem relatively low on a per pilot basis, when collectively multiplied across 17 pilots it comes out to *117.3 hours per week, or 6,099 hours per year, on liaison and management activities*. These figures appear significantly overstated. First, do the pilots collectively spend 39.1 hours per week, every week of the year as the Managing Pilot addressing piloting issues with the community and other regulatory authorities? Similarly, while the pilots claim that managing medical and dental insurance plans, overseeing boat maintenance, drug testing, and other managerial tasks equates to 4.6 hours of executive time per pilot, this seems equally unlikely. While there may be periods of time where medical or dental plan administration consume larger amounts of a pilot's time (for example, making changes to the plan or researching and understanding other plan options), this is not an activity that requires significant time on a weekly basis. Once a plan is implemented, it should not require extremely time consuming oversight on a weekly basis. Nor would overseeing boat maintenance or engaging in drug testing, which are also both issues that may require chunks of time on a periodic basis, but are not going to require significant time on a week to week basis, at least not to the tune of 80 hours a week. It is also confusing why the pilots believe, for a relatively small organization, it would take two full-time executive positions to complete these activities, particularly given that the pilots have a number of other administrative employees that can assist them in functions of the business. Applicant believes that the pilots likely can perform the above tasks in half of the time claimed (around 60 hours a week, or 3.4 hours per pilot, per week), but will assume that only ¾ of the time claimed was actually spent on these activities is reasonable, or 5.1 hours per pilot, per week, or 265 hours a year per pilot, or 22 hours a month.

Applicant estimates, based on figures that are consistent with the regulatory requirements, that in 2013 an individual pilot spent 72.3 hours of piloting per month and another 15.3 hours of piloting in the #5 quick call position. This equates to 87.6 hours of piloting. Additionally, Applicant estimates that with respect to other essential support services, an individual pilot spent 12 hours per month dispatching and 22 hours a month on other essential support services. Collectively, this equates to 121.6 hours of piloting and essential support services a month, or 1,459 hours a year, or 28 hours a week. For a highly lucrative compensation package including a large cash payment, extensive benefits, and a handsome retirement, the pilots have a schedule that is far less demanding than many other professions with comparable incomes.

Additional Relevant Information (Required by Pilot Applicant/Optional by Non-Pilot Applicant): **None.**

c) Prevailing Rate of Compensation of Individuals in Other Maritime Services of Comparable Professional Skills (If deemed relevant by the Applicant)

Port pilots at Port Everglades are paid far in excess of what the most experienced and comparable maritime professionals are paid. Experienced staff captains and captains of vessels are highly skilled maritime professionals who, unlike the pilots, are responsible for the safety of their passengers, crew, and cargo every second of every day that a vessel is at sea. In fact, it is not uncommon for a captain of a cruise line to be more highly qualified than a port pilot boarding his or her ship, not only in terms of education completed but, more importantly, by holding a higher level of marine licensure. It is indisputable that the requirements to become a deputy pilot, and ultimately pilot, do not even require experience on board a cruise ship, let alone the skills or qualifications that a captain must possess to operate the ship. In fact, Applicant has members with employees that did not reach the position of captain or staff captain, yet went on to be port pilots. Thus, any claim by a pilot that pilots are more experienced or qualified to handle a cruise ship than the cruise ship captain is beyond absurd. Yet few, if any, individuals in the maritime industry, including experienced cruise line captains, earn the compensation and benefits currently received by the port pilots. The physical hazards of a pilot's job are also not unique to pilots, as pointed out elsewhere in this application. In the maritime industry, Coast Guardsmen, fisherman, and other vessel operators face significant risks while operating at sea. More importantly, by diligent utilization of established safety procedures, much of the potential for significant danger can be removed from a pilot's job, which is already a significantly less dangerous profession than many other maritime industry professions whose employees receive only a fraction of the pay and benefits of a port pilot.

While the pilots claim to undertake significant liability when handling a vessel, cruise line captains carry far greater responsibility and maintain far greater liability as it relates to the safe handle of a cruise ship. The pilots can point to no recent example of a Florida port pilot being held liable for a port related accident. Moreover, pursuant to regulatory authority pilots are only obligated to handle vessels in conditions they deem "safe," and they are not required to be involved in the process of docking and undocking a vessel, which can require precision handling down to a matter of feet and inches. Thus, a pilot's liability in handling a ship calling on port is not as significant as they claim. Second, in the event of a maritime accident, it is usually the vessel captain and the owner or operator of the vessel that face liability for an accident, and Applicant has been unable to locate any recent instances of where a pilot was held liable for an accident. More importantly, it is unclear why the pilots believe individual responsibility is unique to the piloting profession. A cruise line captain remains constantly liable for the safe passage of a ship that carries thousands of lives and can cost over a billion dollars. This responsibility does not extend to only the few hours a ship is calling on port, but for the hundreds or thousands of hours during which the captain will command the ship over open waters and around various seaports. If the captain acts negligently or makes an error, it could lead to the loss of lives, damage to property costing hundreds of millions or billions of dollars, and damage to the ocean and its marine life. If the captain makes such an error, the captain will lose his or her job and livelihood and face significant legal liability. Medical professionals, legal professionals, and others also face significant liability for errors in practice, and there is nothing unique about a pilot's potential liability for errors committed during the course of employment.

Moreover, many cruise line captains have experience calling on ports across the world, in different weather conditions much more severe and varying than at Port Everglades, and with much more complication in navigating than Port Everglades. In comparison, Port Everglades represents a very easy port to maneuver. Yet, port pilots are only trained to handle ships in *one port*, in relatively similar conditions year round. Cruise captains have significantly greater experience, skill and ability in handling their ships than port pilots due to their work around the globe and in foreign ports on a constant basis. This experience, along with a variety of other factors, makes them far more skilled than a pilot in terms of handling the ship in and around port.

In their 2000 application, the pilots claimed comparable professional jobs included being an "admiral attorney," (a partner in a medium sized law firm) or being the COO or CEO or steamship companies or shipbuilding and repair companies. These comparisons are non-sensical, contrary to the statutory requirements, and show how far the pilots will go to avoid being compared to someone who makes less money than they do. An admiral attorney at a medium sized law firm, for example, would be someone who has completed law school, been licensed, and likely practiced in the maritime field for 10 or more years, which is not a qualification either required of the pilots or one that the pilots achieve as a general matter. Moreover, many admiral or maritime attorneys have no seafaring experience, but are lawyers who simply ended up working in the maritime field. A pilot could not immediately become an admiral attorney any more than an admiral attorney could become a pilot. The skill set, education and experience possessed by maritime attorneys is absolutely irrelevant to the qualifications possessed by a pilot, and the pilots belief that this is a position "that could be held" by the pilots if they chose not to pilot demonstrates how far the pilots are reaching to justify their excessive compensation. Similarly, the pilots' belief that their time as piloting qualifies them as a CEO or COO of a steamship or tug and barge company is equally incorrect. While seafaring experience is likely useful experience for a CEO or COO of a maritime company to possess, the job functions of a CEO or COO have absolutely no relationship to the experience of a port pilot, nor does piloting in any way qualify a pilot to be a CEO or COO. Similarly, piloting is in no way a pre-requisite to becoming a CEO or COO. Like an admiral attorney, a CEO or COO may have completed extensive business education, and likely has had dozens of years working in the corporate world understanding how to effectively and profitably run a business. A pilot's training and experience are related to becoming familiar with a port and its characteristics, and working on board vessels and understanding their movements in water as it relates to other vessels, the currents, and tides. A CEO or COO's experience is in operating a business, hiring and managing executive teams, understanding finances and making financial decisions, engaging in business growth and development, developing strategies and visions for a company's future, and working with investors. Understanding how to pilot a ship has absolutely no bearing on whether a pilot would be qualified to successfully run a corporation and engage in the tasks required of a CEO or COO, and the notion that a pilot could stop piloting and simply become a corporate CEO is absurd. The fact that some pilots may also hold an advanced degree in areas unrelated to piloting or the maritime industry does not automatically make them a comparable professional to the highest paid position in that field, whether it be business, law, medicine, or any other field.

Ultimately, when compared to other maritime professions requiring equal skill and experience, it is indisputable that individuals with comparable, or even stronger, professional credentials receive significantly lower salaries and benefits than the port pilots. Experienced captains of cruise, cargo, and container

vessels are of equal comparison to a port pilot, yet earn around $200,000 per year at the peak of their careers. This is likely at least $150,000 a year less than what a Port Everglades port pilot currently earns, and only further supports the need for reduced pilotage rates. Even if the goal of Chapter 310 is to bring in the best and the brightest by providing a salary that is more lucrative than that of an experienced captain, a $250,000 per year salary would still far exceed what is made by experienced captains, but would likely still be around $100,000 per year, per pilot less than what pilots are currently earning. Moreover, staff captains, who also hold masters unlimited licenses and often have decades or more of experience on the bridge of a cruise ship, earn only a fraction of what a port pilot earns despite often being more qualified. The piloting profession also has a more favorable schedule than that of a vessel captain. Vessel captains can be at sea, and away from their homes and families, for two and a half to three months at a time, with full responsibility for a vessel during the entire time. Pilots, while they may have to spend time on-call, never have to leave Fort Lauderdale. Ultimately, pilots should be compensated at the equivalent, or slightly more than, experienced captains and staff captains, which means they could easily incur net income reductions of $100,000 and still be one of, if not the most, lucrative maritime professions in existence.

Classification of Maritime Services	Rates of Compensation (per/year)
Staff Captain: Foreign Flagged Cruise Ship Vessel:	$80,000 to $120,000
Captain: Foreign Flagged Cruise Ship Vessel:	$100,000 to $140,000
Senior Captain: Foreign Flagged Cruise Ship Vessel:	$140,000 to $160,000
Captain: Foreign Flagged Cargo or Container Vessel:	$100,000 to $150,000
Senior Captain: Foreign Flagged Cargo or Container Vessel:	$150,000 to $200,000

9. Comparison of Present and Requested Pilotage Charges **(REQUIRED BY PILOT APPLICANTS/OPTIONAL BY NON-PILOT APPLICANTS)**

The information requested in the table below is not available to Applicant despite attempts to obtain such information through public and non-public resources. Applicant has overall revenue for the pilots for the preceding years, but does not have information sufficient to breakdown the revenue into the various categories of charges (*i.e.* draft charges, tonnage charges, docking charges) without relying on estimation.

Pilotage Charge Item	Present Charge as of:	Actual Revenue for 12 Months Preceding Application	Requested Charge	Revenue Based on Requested Charge, as Applied to Actual Activity of Preceding 12 Months	Increased Revenue, Based on Requested Charge Applied to Preceding 12 Months	Percentage of Increased Revenue on Preceding 12 Months Activity
DRAFT CHARGES: Per Foot . . . . Minimum to feet	$13.30/ft minimum 14ft.					
TONNAGE CHARGES: Per Gross Registered Ton Minimum GRT Maximum GRT	$0.0356/GRT 2500 GRT None.					
DOCKING/ UNDOCKING: All Vessels . . .	None.					
SHIFTING: All Vessels . . . Vessels without steering/motive power . . . . Minimum . . . . In Zones:	$300 plus tonnage fee					
OTHER CHARGES: Anchoring Offshore	$300 plus draft and tonnage fee.					

10. Detailed explanation of special characteristics, dangers and risks of the port for which the rate change is being requested:

Lengths of Various "Pilotage Waters" Channels: (Include "Average Length" of Pilotage Trip and estimated time to complete pilotage "dock to dock".)

The harbor entrance is by a straight channel running in a due westerly direction for a distance of 1.7 miles from the 50 foot contour of the Atlantic Ocean to the turning basin. The main turning basin is 1,200 feet east and west and 2,450 feet north and south.

Total per handle pilot time is 2 hours.

Widths of Various "Pilotage Waters" Channels: The channel running from the Atlantic Ocean is 500 feet wide at its seaward end, narrowing to 450 feet wide from the jetty entrance to the turning basin. The north extension of the turning basin is 620 feet wide east and west on the north limits and 900 feet wide east and west on the south limits. The south extension of the turning basin is 1,300 feet wide east and west by 1,300 feet north and south. The Southport turning basin is 900 feet east and west by 800 feet north and south.

Depths of Various "Pilotage Waters" Channels: The project water depth of the channel is 43 feet at mean low water. The main turning basin has a depth of 43 feet, with the depths of the north and south extensions of the turning basin being 31 feet and 37 feet, respectively. The Southport turning basin has a depth of 44 feet. Water depths vary from berth to berth.

List of Unusual Hazards to Navigation:

There are no unusual hazards to navigation around Port Everglades. The relative ease with which cruise line captains navigate Port Everglades is due to the fact that the waterways leading into Port Everglades provide few variables that frequently make navigation highly difficult. Unlike some ports which require navigation of lengthy waterways or other channels, the Entrance Channel to Port Everglades is short and does not require any complicated or difficult maneuvers to safely navigate. Coming in from the west, many cargo and container ships have a straight shot into berthing spaces which are located directly east of the Entrance Channel. Berthing spaces for cruise ships are located at Northport and Midport, and navigation into the berthing spaces is not a challenging task for the highly experienced cruise ship captains. There are few dangerous cross currents, sharp turns combined with bridge structures, or complicated maneuvers or navigational techniques needed to safely navigate into, and dock at, Port Everglades, whether captaining a cruise, cargo, or container ship. The waterways and channels that make up Port Everglades are dredged, well-surveyed, predictable waters, and there are no unknown or unseen dangerous hazards lurking on the seafloor of the Port Everglades waterway channels that must be cautiously avoided by a vessel's captain. Entering and departing from Port Everglades requires little imagination, as once ships have passed through the Entrance Channel, berthing spaces are easily visible and are – at most – no more than a few thousand feet away. The relatively simple make-up of Port Everglades offers little opportunity for confusion over the proper course of navigation or location of berthing spots, and Port Everglades is seen by cruise captains as being an easy port to navigate.

List "Weather-related" Hazards to Navigation:

Weather related hazards to navigation around Port Everglades are usually minimal. Only on occasion do weather and marine conditions make navigation of the channels and docking at Port Everglades difficult. Wave heights are minimal, and although thunderstorms can generate strong, gusty winds, they are most likely from June through September, at an average of 10-16 days per month. Visibility at the port is good year round. Winds likely do not raise wave heights more than 1.5 feet at the Entrance Channel, and wave heights of 1.5 feet or less are considered "smooth" water conditions on scales commonly used to measure the sea state. Moreover, the mean tidal range at Port Everglades is minimal, with data from the NOAA showing the Turning Basin tidal range to generally be between 2 to 3 feet. Moreover, historical NOAA tidal current data demonstrates that for "Port Everglades Entrance" and "Port Everglades Turning Basin" from November 15, 2008 through March 18, 2009, tidal currents very rarely exceeded 1 knot at any depth of either location, and generally remained well below ½ or even ¼ knot of speed.[1] Unlike ports in other U.S. coastal states like Washington, Alaska, and New York where port pilots have to deal with drastically different marine and weather conditions experienced in locations with distinct four season climates, or states where weather can change virtually in a matter of minutes with little advanced warning (such as Alaska), weather and marine conditions in Fort Lauderdale – at least to the extent that they impact ship navigation – are relatively stable throughout the entire year.

[1] Applicant incorporates by reference the NOAA data into its exhibits. The NOAA tidal and current data for these three months is thousands of pages, and in the interest of economy Applicant has not included all data herein. The data is available at http://tidesandcurrents.noaa.gov/ under the tab "Products", "Currents," and "Historic Data." The data sets are under the title "Port Everglades Entrance" and "Port Everglades Turning Basin".

List any limitations imposed by Association as to drafts, lengths, tonnages, beams, types, etc., of vessels handled within port's pilotage waters and provide reasons for same: There are no limitations imposed by the pilots.
Other Relevant Information: None.

11. Detailed statement explaining how the requested rate change will result in fair, just and reasonable rates, taking into consideration the public interest in promoting and maintaining efficient, reliable, and safe piloting services and further taking into consideration the factors set forth in Section 310.151(5)(b), Florida Statutes.

The requested rate change will result in fair, just, and reasonable rates while still promoting efficient, reliable, and safe piloting services. Foremost, a reduction in the pilotage rates will not lower per pilot net income to a point that qualified individuals would be dissuaded from becoming a port pilot, and there is no reason to believe that a compensation package of a quarter of a million dollars would not be sufficiently attractive to draw qualified individuals to the profession. Regardless, even after a reduction in income, the pilots would still make significantly more money than individuals in comparable professions. The pilots are also currently maintaining a staff of 17 pilots and performing only approximately 430 to 450 handles per year, which is far fewer handles than during peak vessel traffic times in the late 1990's and early 2000's. The pilots could eliminate a three or more pilot positions and still have a sufficient staff to service all vessels, while at the same time increasing the net incomes of the active pilots. Thus, there is no reason to believe that the pilots will not have an adequate staff to continue providing efficient and reliable piloting services.

The factors set forth in Section 310.151(5)(b), Florida Statutes, further support the need for a rate reduction.

1. The public interest in having qualified pilots available to respond promptly to vessels needing their service.

   As noted above, a reduction in pilotage rates for passenger vessels will not impact the availability of having qualified pilots available to respond to vessels. Port pilots are very well compensated and pilot positions are highly coveted. A reduction in total pilotage revenues from passenger vessels will not adversely affect the quality or availability of pilots, and port pilots will continue to make six figure salaries even if a rate reduction is imposed. While the pilots have claimed in the past that such high levels of income are necessary to attract and maintain qualified pilots, Applicant is unaware of even a shred of evidence suggesting or indicating that the pilot association would be unable to attract qualified pilots if the pilot salaries were reduced to be comparable to, or slightly higher than, the salaries of other professionals in the maritime industry.

   Based on the significant decrease in workload and high net incomes current port pilots receive, there is no reason to believe that a 25% rate reduction would lead to fewer pilots or the unavailability of pilot services in any way.

2. A determination of the average net income of pilots in the port, including the value of all benefits derived from service as a pilot. For the purposes of this subparagraph, "net income of pilots" refers to total pilotage fees collected in the port, minus reasonable operating expenses, divided by the number of licensed and active state pilots within the ports.

   The net income determination is addressed extensively in other parts of this application, including in sections 3 and 7. As set forth in those sections, the Port Everglades pilots have refused to provide documents necessary to be transparent with the FCCA, pilotage rate payers, the public and the Rate Review Committee sufficient to determine the exact net income of the pilots and the value of all benefits derived from service as a pilot. However, Applicant believes current pilot net incomes and benefits are ranging from $480,000 to $620,000 (depending on how many pilots the net income determination utilizes), and even with a 25% rate decrease would still be between $440,000 and $528,000. The pilots can more than withstand a 25% rate decrease.

3. Reasonable operating expenses of pilots.

   The reasonable operating expenses of the pilots are also addressed extensively in other parts of this application, including in sections 3 and 7. As noted in those sections, the pilots' lack of transparency against makes it impossible to determine the exact scope of their operating expenses, as well as which expenses are unreasonable. The revenue sharing with retired pilots is clearly not an operating expense, as the pilots stated in their 2000 application, and the Rate Review Committee should request detailed information sufficient to analyze the reasonableness of all other claimed expenses in light of the pilots' business operations.

4. Pilotage rates in other ports.

   Pilotage rates at other ports with comparable traffic patterns, geography, weather, and marine conditions – such as PortMiami and Canaveral – vary when compared to Port Everglades, with Miami's rates being higher and Canaveral's rates being lower. Any comparison across ports, however, must consider the difficulty of each particular port, the number of pilots, the number of handles and hours worked, the average per pilot fee, and related data and information that is readily available to Applicant. As noted earlier, in 2000 the investigative committee pointed out that while PortMiami's pilotage rates were higher, their net incomes were lower than at Port Everglades. Moreover, pilotage rates cannot be maintained at an unreasonable level solely because other ports may have comparable pilotage fees. If the pilotage rates at a port are not fair, just and reasonable, they violate Chapter 310's requirements regardless of what other port pilots are being paid. A rate reduction would be impossible to attain if attempts are made to keep fees comparable across ports, as no port would ever be required to reduce its rates below that of any other port, regardless of the reasonableness of the rates at any particular port. Chapter 310's mandatory requirements are that fees are fair, just and reasonable, and none of these requirements are currently being satisfied at Port Everglades.

5. The amount of time each pilot spends on actual piloting duty and the amount of time spent on other essential support services.

Applicant has addressed this factor in section 3 and 8.a. of this application, and respectfully refers the Committee to those sections.

6. The prevailing compensation available to individuals in other maritime services of comparable professional skill and standing as that sought in pilots, it being recognized that in order to attract to the profession of piloting, and to hold the best and most qualified individuals as pilots, the overall compensation accorded pilots should be equal to or greater than that available to such individuals in comparable maritime employment.

Applicant has addressed this factor in detail in section 8.c. of this application, particularly as it relates to the absurdity of the pilots' claim that they are more qualified or capable than a cruise ship captain of handling his or her own ship, and respectfully refers the Committee to that section.

7. The impact rate change may have in individual pilot compensation and whether such change will lead to a shortage of licensed state pilots, certificated deputy pilots, or qualified pilot applicants.

The proposed rate change will have some impact on pilot compensation, but the pilots' compensation packages will remain extremely lucrative and a reduction in pilotage rates for passenger vessels will not lead to a shortage of licensed port pilots. The association at Port Everglades is currently maintaining far more pilots than necessary to handle vessel traffic, and reduction in the number of pilots would not impact the availability of pilots to service vessels regardless. However, Applicant is not seeking a reduction in the number of pilots and one would not be necessary even with the rate reduction requested.

Port piloting provides an extremely generous compensation package and very comfortable retirement that is provided in few other, if any, comparable professions. While pilots claim that reduced incomes would hurt their competitiveness to get the most qualified applicants for deputy positions, Applicant is unaware of any data or a single shred of proof to support this contention. This tends to be a conclusory argument made by pilot associations to scare the public and the Rate Review Committee into believing that if salaries are not kept at $400,000 a year, people will not want to become port pilots, or ports won't be competitive with each other for those positions, as qualified individuals will shun jobs paying $250,000 or $300,000 per year. The notion is ridiculous and unsupported. The statutory scheme in Chapter 310 was never set up to provide port pilots with outlandish compensation packages, but rather compensation that was comparable to those individuals with equal skill in the maritime industry (cruise captains or less, in this case), so qualified candidates are available. To date, Applicant has never seen any evidence that if all pilots' salaries were capped, say at $250,000 a year, that piloting would not continue to be a lucrative and sought after profession. It has been argued that some people do not want to go into piloting because of its dangers, and that inflated salaries are necessary to draw people to the profession, which is laughable. Millions of people pursue much more dangerous professions every year without being scared away by the danger or the salaries, which are a fraction of what port pilots make.

8. Projected changes in vessel traffic.

Applicant is unaware of changes in vessel traffic projected for Port Everglades at the immediate time.

9. Cost of retirement and medical plans.

To the extent that the pilots provide medical and retirement plans for its non-pilot employees, Applicant believes consideration of these factors is appropriate, but makes up only a very minimal amount of the pilots' operating expenses. With regards to the cost of operating retirement and medical plans for the port pilots, Applicant addressed these issues extensively throughout this application, specifically in sections 3 and 7 of this application. As noted therein, Applicant is unaware of any cost the pilots incur associated with operating a retirement plan, as they do not operate an IRS-recognized pension plan, but simply turn income over to retired pilots no different than active pilots. While Applicant believes that, pursuant to this requirement, some costs associated with operation of a retirement plan should be considered by the Committee, it is only a very small fraction of what the pilots currently claim in retirement costs, not exceeding $50,000.

10. Physical risks inherent in piloting.

This factor has also been addressed elsewhere in this application, and Applicant would respectfully refer the Committee to those arguments. To reiterate, the danger associated with piloting is overstated and the job is not as dangerous as many other jobs where employees earn significantly less pay during their active employment and do not receive anything close to the six-figure retirement payments received by pilots. Coast Guardsmen, policemen, firefighters, roofers, loggers, fisherman, farmers, ranchers, machine workers, construction workers, truck drivers, and others have jobs that are dangerous and have a higher fatality rate than piloting. There are hundreds of day-to-day activities that people engage in that are as dangerous, if not more dangerous than, transferring to or from a ship from a pilot boat.

Moreover, cruise ships have also eliminated much of the danger of boarding a vessel by providing lower level boarding doors for port pilot entry. Some have argued that boarding through a lower-level door is no less dangerous than climbing a rope ladder up and over the side of a ship, which is flatly untrue. Lower level boarding doors vastly shorten, if not completely eliminate the use of pilot ladders, and a pilot rarely is more than a few feet above the deck of the pilot boat. These are the same boarding doors passengers utilize when getting on and off tenders at foreign ports.

Port Everglades, which can be subject to strong wind or tides on occasion, presents an overall stable weather and marine environment year round

and does not present many of the types of environmental dangers that a port pilot may be exposed to at seaports in other U.S. coastal cities, including instant weather changes with little forewarning that are experienced at some U.S. seaports. The stable weather, in addition to use of lower level entry doors and engaging in strict adherence to proper safety precautions, greatly mitigates the risk of fatality in the piloting profession at Port Everglades. Even with the proposed rate reduction, pilots are more than adequately compensated for the physical risks associated with their job.

11. Special characteristics, dangers, and risks of the particular port.

As is set forth in section 10 of this application, Port Everglades presents no special dangers or risks to navigation. To the contrary, Port Everglades requires relatively simple navigational techniques and provides an overall stable marine and weather environment in which to navigate. The most dangerous part of a port pilot's job is getting on the vessel, and the port generally has calm seas around at least nine months out of the year. There are few variables at Port Everglades that make navigation of the waterways around the port dangerous or particularly difficult.

PART C AFFIDAVIT OF APPLICANT (This section must be sworn to in the presence of a Notary Public or an officer authorized to administer oaths)

I hereby certify that I have read the foregoing statements including all attachments and exhibits, and that they are true and correct to the best of my knowledge and belief.

Michele M Paige

Signature of Applicant

COUNTY OF: BROWARD

STATE OF: FLORIDA

SUBSCRIBED AND SWORN TO BEFORE ME THIS 25 DAY OF JULY, 2014

ADAM CESERANO
Notary Public - State of Florida
My Comm. Expires Nov 17, 2016
Commission # EE 844001
Bonded Through National Notary Assn.

SIGNATURE OF PERSON ADMINISTERING OATH

MY COMMISSION EXPIRES 11/17/2016

APPENDIX TO APPLICATION

The Following Exhibits As Cited Throughout Application:

1. FCCA Request For Financial Records and Pilots' Response
2. Port Everglades 2013-2014 Cruise Guide – Excerpt Including Cruise Line Information
3. Excerpt from Port Everglades Pilots' 2000 Application
4. Documentation of Fees and Handles From Department of Business & Professional Regulation
5. 2011 Port Everglades Dock Report for Passenger Vessels
6. 2012 Port Everglades Dock Report for Passenger Vessels
7. 2013 Port Everglades Dock Report for Passenger Vessels
8. Excerpt from U.S. Department of Labor News Release, "National Census of Fatality Occupational Injuries in 2012"
9. U.S. Department of Labor Census of Fatal Occupational Injuries Data for 2012, "Table A-1. Fatal occupational injuries by industry by event or exposure, all U.S., 2012".
10. Tampa Bay Times News Article Regarding 2011 Florida Police Officer Deaths
11. Coast Guard Descriptions for Maritime Enforcement Specialists and Boatswain's Mates And Outline of Salaries and Benefits For Enlisted Officers.
12. ABC News Article Titled "Seafaring Drug Smugglers Challenging Coast Guard," dated February 24, 2014.
13. United States Armed Forces Monthly Basic Pay Table.
14. Department of Business & Professional Regulation Spreadsheet of Port Everglades Annual Revenues and Handles.

Exhibit 10

Pilots' Application

FLORIDA
DEPARTMENT OF BUSINESS
AND PROFESSIONAL
REGULATION
P O Box 5377
TALLAHASSEE, FLORIDA
32314-5377
850-717.1980

STATE OF FLORIDA APPLICATION FOR A CHANGE IN RATES OF PILOTAGE

DO NOT WRITE IN THIS SPACE
FOR OFFICE USE ONLY
REC'D NOV 21 2014

APPLICATION SHOULD BE TYPED

PLEASE CHECK THE APPROPRIATE BOX TO IDENTIFY THE APPLICANT:

- O **Individual Person**
- O **Single Licensed State Pilot**
- O **Other Entity**
- X **Group of Licensed State Pilots**

PART A APPLICANT PROFILE DATA

Name of Individual/Association/Group
Port Everglades Pilots Association

Name of Authorized Representative & Title
George N. Meros, Jr.
GrayRobinson, P.A.
301 South Bronough Street, Suite 600
Tallahassee, Florida 32301
Telephone: 850-577-9090
Email: george.meros@gray-robinson.com

Home Telephone: (Include area code) (954) 522-4437

Business Telephone: (Include area code) (954) 522-4491

Mailing Address:
Street and No. P.O. Box 13017
Apartment No.
Social Security Number or Federal Employer ID Number (Optional): 59-0578021
City Port Everglades, FL 33316
State
Zip Code

Permanent Address:
C/O
Street and No. 1833 SE 17th Street
Apartment No.
City Fort Lauderdale, FL 33316
State
Zip Code

IF PERSONS OTHER THAN A PILOT:

Detailed statement setting forth the substantial interest of the applicant and how the applicant is directly affected by the established rates:

N/A

Richard Law

From: captcunningham@comcast.net
Sent: Sunday, December 21, 2014 5:15 PM
To: Richard Law
Cc: captcunningham@comcast.net; Meros, George
Subject: Requested rate for drafts from 0-20 feet

Richard,

As we discussed, our initial application showed a difference between the requested draft rate on page 2 and the requested
rate on page 27 of the application. This was resubmitted incorrectly as $18/draft foot for vessels with drafts of 0-20 feet. Our calculations
were based on $15 per draft foot.

The application should read:

page 2 - For vessels with draft of 0 to 20 feet: $15.00 per draft foot (14-foot minimum)

page 27 - Requested change
0 to 20': $15.00

Thank you.

Michael J. Cunningham
Port Everglades Pilots Association

PART B

1. Name of Port for which rate change is being requested:

Port Everglades

2. Detailed explanation of rate change being requested:

Effective on Final Order

An adjustment in rates providing a tonnage discount of between -25% and -50% to the largest vessels calling at Port Everglades, but resulting in a net adjustment of +11% in rates overall:

a) A draft charge increase as follows:

The current charge of $13.30 per draft foot with a 14-foot minimum increased to:

For vessels with draft of	0 to 20 feet:	$18.00 per draft foot (14-foot minimum)
	21 to 30 feet:	$22.00 per draft foot
	31 to 40 feet:	$29.00 per draft foot
	Over 40 feet:	$45.00 per draft foot

b) To promote business at the Port, encourage vessel calls during periods of off-peak berth and pilot utilization, and encourage calls by larger vessels, the following discounted niche categories are requested. After a vessel's second call, the vessel may apply for and receive special tonnage rates as follows:

First 80,000 GT	$0.0356 per GT and
On tonnage from 80,001–130,000 GT	$0.0267 per GT and
On tonnage over 130,000 GT	$0.0178 per GT
Weekly "feeder-size" vessel (less than 18,000 GT)	$0.0320 per GT
Frequent caller (2,500–80,000 GT)	$0.0320 per GT

c) No change to the base tonnage rate of $0.0356 per GT with a 2,500 GT minimum. This charge applies to every movement of a vessel and is based on the highest published tonnage.

d) For weekly scheduled "feeder-size" vessels of less than 18,000 GT, a tonnage charge decrease to $0.0320 per GT.

e) For frequent calling vessels, calling on a regular service with at least 3 arrivals per week, a tonnage charge decrease to $0.0320 per GT for the first 80,000 tons.

f) Detention – $150 per hour after the first 0.5 hours.

g) Canceled or delayed sailing – $150 after pilot is dispatched to vessel.

h) Running lines by pilot boat – $300.

i) Shifting – $330 plus draft and tonnage charge.

j) Placing personnel on or off vessel by pilot boat – $200.

k) Piloting or shifting ship or barge without motive power and/or steering – 2.0 x draft and tonnage charge.

l) Any movement of a vessel operating under a USCG letter of deviation or any vessel with a deficiency that affects maneuverability – 2.0 x draft and tonnage charge.

m) Anchor – $400 plus draft and tonnage charge. This charge shall also apply to taking a vessel from anchor, if requested.

n) Second pilot – When a second pilot is need for safety or at the request of the master, owners, agents, charters, operators, port, or under consultation with the pilot, each pilot will receive full tariff charge.

o) Deputy training charge – $20 per certificated deputy pilot per movement on all vessel movements.

p) Pension charge – $200 per vessel movement. (Note: This charge is not included in the calculation of the net adjustment of +11% requested above.)

Effective January 1, 2016

Capital investment, maintenance, and pilot-training and education charge – A charge of $70 per vessel will be assessed per vessel movement.

Effective January 1, 2017

As recommended by the Rate Committee Chairman, a CPI adjustment to the rates will be made based on the change in the CPI (up or down). CPI will be calculated on a rolling 3-year average of the annual CPI, All Urban Consumers published by the United States Bureau of Labor Statistics. The CPI adjustment shall apply to all charges and rates with the exception of special tonnage rates in excess of 80,000 GRT, which shall remain unchanged.

Effective January 1, 2018

A CPI adjustment to the rates will be made based on the change in the CPI (up or down). CPI will be calculated on a rolling 3-year average of the annual CPI, All Urban Consumers published by the United States Bureau of Labor Statistics. The CPI adjustment shall apply to all charges and rates with the exception of special tonnage rates in excess of 80,000 GRT, which shall remain unchanged.

Effective January 1, 2019

A CPI adjustment to the rates will be made based on the change in the CPI (up or down). CPI will be calculated on a rolling 3 year average of the annual CPI, All Urban Consumers published by the United States Bureau of Labor Statistics. The CPI adjustment shall apply to all charges and rates with the exception of special tonnage rates in excess of 80,000 GRT, which shall remain unchanged.

This rate adjustment deals directly with issues raised at the Miami rate-reduction hearing in July 2014. Tonnage charges are reduced on the largest vessels and frequent callers. Draft charges are increased to allocate the revenue more evenly over the entire spectrum of port traffic, and consideration is given to small vessels.

Surcharges, common in most U.S. ports, are introduced to offset some of the more variable expenses and are treated in a way that spreads them evenly across port traffic. Overall revenue is increased to promote a safe, efficient, and reliable piloting service, and the resulting rate is fair, just, and reasonable, as defined by Chapter 310, Florida Statutes. The resulting rate is among the lowest of any of the major ports in the United States.

3. Basis for requested rate change:

Introduction

It is the public policy of the State of Florida—and a policy of the highest order—to secure not minimally qualified pilots, but world-class pilots of the highest skill and expertise. *See* § 310.151(5)(b)6., Fla. Stat. (2014) (providing that, "in order to attract to the profession of piloting, and to hold the best and most qualified individuals as pilots, the overall compensation accorded pilots should be equal to or greater than that available to such individuals in comparable maritime employment"); *id.* § 310.0015(3) (noting that Florida's regulation of port pilots "benefits and protects the public interest by maximizing safety . . . and enhancing state regulatory oversight").

Moreover, it is the public policy of the State to out-compete other maritime professions for the best and most capable mariners—and then to hold them accountable to the public, rather than to ship owners and operators, through strict state licensure and regulation. *See ACL Bahamas Ltd. v. Dep't of Bus. & Prof'l Regulation, Pilotage Rate Review Comm.*, Case No. 10-2335 ¶ 56 (Fla. DOAH Jan. 31, 2012), *approved and adopted*, (Fla. PRRC Apr. 18, 2012) (explaining that wage rate of comparable professions is a "floor" for pilot compensation); *In Re: Application of Port Everglades Pilots Ass'n for Rate Increase in Port Everglades*, Case No. 97-3656, 1998 WL 866445, at *12 (Fla. DOAH Feb. 24, 1998; Fla. PRRB June 10, 1998) (explaining that the "law does not tie pilot compensation to other maritime professions other than to set a 'floor' for pilot compensation").

The legislative mandate to the Pilotage Rate Review Committee is crystal clear. In deciding rate applications, the Committee must "give primary consideration to the public interest in promoting and maintaining efficient, reliable, and safe piloting services." § 310.151(5)(a), Fla. Stat. (2014) (emphasis added).

To "promote" piloting services means "to contribute to the growth or prosperity of" piloting services. *See* http://www.m-w.com. To promote "efficient" piloting services means to make those services "capable of producing desired results without wasting materials, time, or energy." *Id.* To promote "reliable" piloting services means to ensure piloting services that are "able to be trusted to do or provide what is needed." *Id.*

The overarching policy of the State of Florida is "to attract to the profession of piloting, and to hold the best and most qualified individuals as pilots." § 310.151(5)(b)6., Fla. Stat. (2014).

The PEP alternative application, based on real facts and common sense, proves that a moderate, equitable adjustment of the current rate structure will serve the public interest in promoting and motivating efficient, reliable, and safe piloting services in Port Everglades. It has been eleven long years and over 120,000 handles since the PEP has had a rate increase. During that time, the cost of living has increased by 29.6%, and real CPI-adjusted pilot net income has decreased by approximately 14%. The facts will show that despite having the highest number of jobs per day in the country, and despite having to navigate one of the riskiest ports in the nation, the PEP net income is well below the average pilot compensation of 23 organizations consisting of 760 pilots.

This erosion in net income is having a tangible and ominous impact. The pool of approved candidates to fill openings for new pilots at Port Everglades has declined precipitously, from 62 in 1996 to 18 in 2012. But there is an easy and effective remedy for this problem, as the Investigative Committee noted in 2000:

> It is in the best interest of the State of Florida to attract the most capable pilots in the country, and nothing attracts them better than good compensation.

For these very same reasons, the FCCA application is contrary to law and should be rejected. Rather than attempting to prove compliance with the statutory criteria, the FCCA uses pejoratives such as "monopoly" to send a subliminal message to the Committee to ignore the mandates of Chapter 310 and begin the dismantling of the piloting profession. The Committee, of course, must reject such a lawless invitation.

The FCCA's assertion that the gross-tonnage calculation has resulted in a "cost shift" to the few massive cruise ships that call on Port Everglades is incorrect. Nevertheless, without for a moment conceding that threading a leviathan through a narrow limestone channel bristling with private boat traffic is risk-free to port pilots and the citizens of Florida, the PEP has fairly and responsibly addressed the FCCA's concerns. The PEP recognizes that the traditional tonnage-to-draft ratio has been altered by the arrival of large passenger ships, and this application proposes to adjust rates to shift the balance toward draft. The proposed tariff thus results in lower rates for many cruise ships while modestly adjusting rates to the cargo industry to account for increases in the cost of living and the absence of a rate increase for over a decade. The application will move pilot compensation at Port Everglades closer to the national average without imposing an undue financial burden on maritime sectors.

Argument

If the requested rate is granted, pilotage rates at Port Everglades will remain among the lowest of any major port in the United States. The pilots, with other key businesses at the Port, as well as the Port Everglades Authority itself, continually work to make certain that Port Everglades is competitive with other ports. We understand that in most cases the ship owner and the freight forwarder have a choice of ports, and we will not allow the Port to lose its competitive advantage by imprudently raising pilotage rates.

Since June of 2003 when the last rate change was implemented, the CPI has risen over 29.6%. During the same period of time, the Port Everglades Department of Broward County has raised its charges on cargo vessels by 36% and on passenger vessels by more than 40%. From 2004 to 2013, Port Everglades operating revenue has increased 30.98%. Over the same period, the pilotage revenue has decreased by 8.9%. The rate adjustment in June of 2003 was the last adjustment in pilotage rates at Port Everglades, and in eleven years there has been no change in pilotage fees.

In 2008, PEP elected not to file for any rate changes because of the economy. Despite a decline in pilotage revenue of 17.8% from September 2008 to December 2009, and without a rate increase, the pilots continued to provide the same quality service that port users have come expect. Several customers have recognized the long period since our last rate application and acknowledged that that was a long time without a change. Piloting expenses are the only expense in their budgets that had not increased. They were understandably concerned about how a rate change for passenger vessels only would impact their operations. Most of them would prefer not to have any increase at all but recognize that all costs increase over time. We assured them that we would attempt to address their concerns with our own rate proposal.

While revenue per job has increased since the last rate change, it would be incorrect to assume that this results in the pilots making more money. Total revenue has declined. The number of large vessels has increased, but the primary reason for the increase in revenue per job (88%) is the loss of small- and below-average revenue

traffic (-3900 movements). Since 2010, the first full year that the *Oasis of the Seas* was in operation, revenue per job has increased by $61.30, or 4.3%—less than half of the rate of inflation. The revenue-per-job number is not a statutory criterion and reflects the average size of vessels more than anything else. It can be affected by the increase or decrease in tonnage or draft, as well as an above- or below-average change in traffic volume by size.

We listened carefully to the arguments before the Rate Review Committee in Miami and to the deliberations of the Commissioners. We have analyzed the FCCA application and have discovered that much of their data and many of their arguments are false. They do not apply to Port Everglades. There has not been an "organic increase" in revenue, either overall or with regard to passenger vessels at Port Everglades. Revenue has fallen. From 2004 to 2013, passenger ship revenue has fallen by 19.9%, and passenger ship tonnage has also fallen. Overall revenue is down by 8.9% over the same period. In 2004, passenger ship revenue represented 57.3% of the total revenue. In 2013, passenger ship revenue represented 50.4% of total revenue—an amount that has fallen for four consecutive years. Even without a rate change, this ratio will continue to fall through 2016.

No question—the *Oasis of the Seas* and *Allure of the Seas* are extremely large. But they have substantial economies of scale and provide significant savings in all aspects of their operation including pilotage. The Genesis project, which became the "*Oasis* Class," began its design phase in 2004-2005—after implementation of the last rate change. While the pilots did not envision vessels of this size when designing the current rate structure, *Oasis* is its biggest beneficiary. These ships actually call in Port Everglades and operate on a year-round basis. Their tonnage is 25 to 30% greater than the next largest vessel, and the revenue they generate for the pilots is a significant proportion of the overall revenue. This year, the *Oasis*, which previously operated year-round from Port Everglades, reduced its service from the Port to ten months. In 2015, the *Allure* will only operate from our port for six months. In 2016, the *Oasis* will be permanently repositioned and is scheduled to be replaced by a vessel that is 25% smaller.

In the meantime, the *Oasis* and *Allure* actually save the cruise lines on pilotage fees. While these large vessels pay larger pilotage fees than other cruise ships, they accommodate a larger number of passengers and therefore make fewer port calls. Thus, while the FCCA points to the two largest passenger ships in the world in an attempt to show that rates are excessive, not only are those ships outliers whose tonnage far exceeds that of the next largest ship, but the size of the ships allows the cruise line to cruise less frequently.

The FCCA makes much of the fact that the *Oasis* and *Allure* make up 14% of pilot revenue. This points, however, to the business risk in Port Everglades. Loss of a single vessel for mechanical problems, shipyard periods, and repositioning—all factors that have affected the schedule of these two ships—has a significant downside impact to our revenue and income. Since berth scheduling is done well in advance for a cruise-ship season, unexpected interruptions in vessel schedule result in unplanned loss to the pilots, but frequently are insurable to the cruise companies. In 2003, 22.2% of pilot revenue came from just two vessels. Four years later, neither vessel was calling Port Everglades. Both companies went out of business, and their business was not replaced.

Port Everglades is the only port in the United States that provides tiered discounts for tonnage. These tonnage-based tiers extend to all vessels and do not—and should not—discriminate by vessel type. Container, RO/RO, Tanker, and General Cargo vessels are all eligible to take advantage of the discounts, provided they meet the tonnage criteria. In 2004, there were 706 vessel movements on ships over 80,000 GRT. In 2013, there were 1,012 vessel movements on ships over 80,000 GRT, and, of these, 345 were movements on ships over 130,000 GRT. All of these ships received a discount from the standard pilot rate, and all of these ships were passenger vessels. At the time of the last rate change, the largest passenger ship was the *Queen Mary II*, at 148,528 GRT. This ship has received a discount every time it called at Port Everglades. Of the 44 passenger ships calling Port Everglades during the 2014-15 season, only four are larger than the *Queen Mary II*.

Our rate request expands the discounts on the largest vessels by decreasing the tonnage rate on the top two tiers. The new rate gives a 50% discount on tonnage over 130,000 GRT and a 25% discount on tonnage between 80,000 and 130,000 GRT. The net result is a total tonnage charge for the *Oasis* that is 25% lower than the standard rate.

We have incorporated some of the recommendations from our customers in our requested rates. These include incentive tonnage discounts to customers in two categories: (1) weekly feeder vessels of less than 18,000 GRT; and (2) frequent-calling vessels up to 80,000 GRT, calling on a regular service with at least three arrivals per week. The tonnage tiers above 80,000 tons would also apply. The first category—feeder vessels—is in our current rate structure, while the second is a new category. These categories represent areas in which the port is attempting to expand service in order to achieve better berth utilization during off-peak times. Success in attracting business in these areas will also have the added benefit of increasing pilot utilization.

We have structured the rate adjustment to meet the expressed intentions of the Rate Review Committee, while providing what are plainly fair, just, and reasonable rates. Draft charge increases serve to spread revenue more evenly over the entire business. We have provided draft tiers which, on the low side, minimize the impact of rate increases on our smallest companies. As the draft tiers increase, the ships that are closest to the hard rock bottom of the channel and those with the greatest mass and inertia will pay more. On the top end, the draft tier levels are set at recognized ship handling levels subject to "shallow water" maneuvering effects.

Historically, across the entire business, pilot revenue was approximately 70% tonnage-based and 30% draft-based (70:30). Since the arrival of the *Oasis* and *Allure*, this ratio has shifted toward tonnage. In 2013, the tonnage-to-draft ratio was 78.4:21.6. In addition to providing discounts to large vessels, our proposed rate shifts tonnage charges to draft, improving the ratio and moving it beyond historical norms, to a 65:35 tonnage-to-draft ratio.

Increased expenses continue to be a major concern. While the cost of major medical and other insurance often rises at rates greater than the CPI, pilots who have responsibility for these areas of our business have had some success in managing the increases. Fuel costs have risen dramatically since the last rate application (+214%). We have repowered all of our boats with more fuel-efficient and environmentally sound engines, but this ongoing cost remains a significant concern. While the level of service has remained unchanged, the poor economy has forced us to make difficult choices in the maintenance and operation of our pilot vessels and infrastructure. We do our best to forecast expenditures and budget for them, but in some cases we are forced to postpone certain expenditures and fund more urgent ones.

We have carefully reviewed much needed capital expenditures on our building, boat shed, and pilot boats. We will have to fund these essential projects from pilotage revenues generated by the requested rate increase. Many of these expenditures have been delayed in favor of more immediate problems, such as legislative and legal expenses to fend off FCCA attacks and legitimate concerns over a 25% rate reduction application and its impact on our business operation. We are approaching the limit of these delays.

We have added two surcharges to spread some of the costs more evenly across all port traffic, rather than weighting it toward larger vessels. Outside of the State of Florida, we were able to find only a single port that did not include surcharges as part of their rates. The proposed surcharges include a deputy training surcharge and a surcharge for capital investment, maintenance, and pilot training.

The first of these requested charges is a deputy-training surcharge, which would only be charged when a deputy was in a training program. This type of surcharge—fundamentally a cost-recovery charge—is common on the West and Gulf Coasts of the United States. The Florida Statutes require pilots to "train and compensate" deputy pilots. § 310.0015(3)(d)1., Fla. Stat. (2014). The State selects deputy pilots for Port Everglades with no

input from the pilot organization. While most deputies successfully complete the program, about 12.5% do not. This comes at a high cost to the pilots and currently can only be passed on through a rate increase. And not all deputies progress through the program at the same rate. A training surcharge fairly addresses these costs.

The second surcharge is also designed to spread major expenses more evenly across all port traffic. It combines pilot continuing education training and capital expenses and maintenance in a single charge and again is designed to recover some of the costs associated with these factors. Since the last rate hearing, the Port Everglades pilots have purchased two pilot boats for their operation and replaced six engines in the boats. None of this was projected at the last rate hearing. In addition, the engines have been rebuilt a number of times. Four boats are required to meet maintenance schedules and service the traffic, particularly during peak cruise ship times, to maintain our one-hour call policy and 15 minute cruise ship entry interval. With a 20- to 28-year life span for pilot boats, pilots must purchase a new boat every five to seven years. The great recession has put us behind the curve on our equipment replacement schedule. STCW95 reached full implementation in 2003—after our last rate adjustment. While we have continued to perform annual training and simulation exercises, our review of pilot organizations around the country convinces us that we must do more to be in line with pilots across the country.

We have incorporated many of the stated concerns and wishes in the proposed rate. Notably, all of our customers expressed complete satisfaction with the level of pilotage service rendered, especially in light of the fact that the pilotage rates for Port Everglades would continue to be among the lowest in the country, even after the proposed rate adjustments.

Pension Charge

In order to address the issues enumerated by the Rate Committee, we have evaluated a funded retirement plan. We view this issue as separate and distinct from the rates. Preliminary discussions with our retirement consultant have identified a requirement of $4.1 million per year for an initial ten-year period to establish a fully funded pension program. This would amount to a per-vessel charge of $550 per vessel movement and would be a significant burden on consumers of the port. For purposes of this application and discussion, we suggest as an alternative a pension surcharge of $200 per vessel movement to begin funding a pension program. This surcharge will begin to create a funded and qualified pension program for the PEP and to address the retirement of only active pilots and employees. If the Committee intends to pursue a funded program, we suggest the Committee consider funding in a range from $125 per movement for a partially funded plan, or up to $550 per movement for a fully funded plan. Ultimately, the current unfunded plan would be phased out.

Creating a plan is complicated. It requires careful analysis and reworking of long-standing contracts and commitments to both active and retired pilots. A key element in the decision is the level of funding. Following a positive decision by the Committee, PEP would proceed with the careful structuring of a viable plan for presentation to the Committee prior to issuance of the final order.

The PEP listened carefully to the Committee discussion at the rate hearing in Miami on July, 31, 2014. Our non-funded retirement agreement is similar to most pilot retirement systems throughout the United States and in many respects to that of the Biscayne Bay Pilots. We do not provide lifetime medical benefits to our retirees, and the spousal benefit is limited to ten years from the date of retirement. The plan is funded from current revenue and has reached its maximum cap. Any reference in our plan to 50% of pilot income is in terms of the upper limit of the benefit received. It is not a given or assumed amount and going forward will be considerably less than this limit. Upon the retirement of additional pilots, individual retirement benefits will be reduced while the cost of the plan will remain constant relative to the gross pilotage.

Our plan has been in effect since 1960. It has been reviewed and discussed in the rate-setting process on eleven

separate occasions before the Board of Pilot Commissioners (the "BOPC") and also in administrative hearings. Throughout the 1970's, 1980's, and early 1990's, the plan was administered at little cost to the Port's users, primarily because there were few if any retirees. Most recently, at a rate hearing on April 17, 2001, the PEP suggested funding the plan. In its final order (Case No. 01-01), the BOPC concluded that funding retirement from the general operating revenues is a lesser imposition on users and took no action to fund the plan.

During discussions on legislative issues over the last year, maritime users and particularly members of the FCCA have made it clear that they wish to have mandatory retirement ages for pilots. The Legislature has not acted on these recommendations, but the PEP has for more than 25 years, through its retirement agreement, provided mandatory retirement at the age of 65.

The statute clearly recognizes the value of a retirement system in attracting and retaining qualified individuals to the profession of piloting in Florida. Prior to the Miami rate hearing, we did not believe it possible to create a funded plan. One need only look at the implications to a non-funded program of drops in business, rate reductions, political manipulation, and changes to the statute to understand the inherent risk in a non-funded program. In evaluating these risks, the PEP realize that the current retirement formula as compared to those available at other ports across the country puts them at a disadvantage in attracting deputy pilot candidates.

Despite having similar unfunded retirement programs within their companies, the members of the FCCA have suggested the creation of a funded and qualified retirement program. At the Miami hearing, some Committee members seemed to agree that this was necessary as well. In the limited time available to us, we have benchmarked other pilot plans around the country to identify retirement programs, their funding mechanisms, and levels of funding. We have partnered with a major investment firm and are assessing how these plans were instituted. By the time of the rate hearing, we will be able to offer a framework for implementation. Our objective was to meet the goals expressed by members of the Committee and to create a plan that would provide for our members in retirement. At the same time, we have considered phasing out the current plan over time. The pension surcharge will be the funding mechanism for this plan.

Conclusion

We recognize that shippers have a choice when determining a destination for their vessels. Our requested rates meet the requirement of fair, just, and reasonable rates for pilots and consumers alike. They do not discriminate based on vessel type and gives consideration to ships that call our port frequently. They address the effects of rising costs while providing stable rates going forward. In order to continue to attract the best and brightest pilot candidates, the requested rates will help to correct the disparity in incomes between Port Everglades pilots and the national average of pilots across the country. They will enable the pilots at Port Everglades to continue to provide safe, efficient, and reliable piloting service at the levels that customers have come to expect, and, despite the modest, overall increase in pilot revenue, Port Everglades pilots will continue to have among the lowest pilotage rates in the United States. If a vessel owner chooses to call at a different port, in almost every case, they will pay more for their pilot.

Our pilots answer not only to ships calling on Port Everglades, but to all the citizens of the State of Florida, and to its economy and natural resources. We know that the port and the ships it accommodates need to arrive and depart on time in order to operate profitably. We work tirelessly to accomplish that. But most critically, pilots have the independence to say "no" to a cruise ship that wants to depart hurriedly in order to please its owner, or to report a cargo ship that has defective equipment or is discharging waste into the sea.

With that independence comes awesome responsibility and risk. Pilots cannot afford to make a single mistake.

Aspiring pilots leave their well-paid jobs in the maritime industry, go through three years of underpaid and

arduous training without any certainty of passing the final examination, and subject themselves to liability because they expect to be well compensated. Sufficient compensation to attract the best and brightest pilots is the least expensive insurance policy that the State of Florida can obtain to protect the lives of its visitors and residents, the property of those who do business in this State, the natural environment that deserves our care, the State's quality of life and appeal to tourists, and the economic activity that depends on our ports.

4. Effective Date of Last Pilotage Rate Change:

June 13, 2003

Pilotage Charges Increased at that time:

Charge		**From**	**To**
Draft (13-foot minimum)		$12.91 per draft foot	$13.30 per draft foot (14-ft min.)
Tonnage:			
For vessels over 80,000 GRT:			
a)	First 80,000 gt	$0.0348 per gt	$0.0356 per gt
b)	Next 50,000 gt (80,000–130,000 gt)	$0.0333 per gt	$0.0343 per gt
c)	Any additional tonnage	$0.0320 per gt	$0.0330 per gt
For weekly scheduled 'feeder-size' vessels:			
Up to 18,000 gt		$0.0333 per gt	$0.0343 per gt

All other charges remained unchanged.

5. FINANCIAL INFORMATION

(a) PILOT

The completed financial statements are attached to this application as Appendices A and B.

APPLICATION FOR CHANGE OF RATES OF PILOTAGE
PAGE FOUR

(REQUIRED BY PILOT APPLICANT/OPTIONAL BY NON-PILOT APPLICANT):

Number of Vessels Handled During:

Tonnage of Vessels Handled	Second Preceding Fiscal Year F/Y/E: 2012	Last Fiscal Year F/Y/E: 2013	Estimated Current Fiscal Year F/Y/E: 2014	Projected Next Fiscal Year F/Y/E: 2015
Less than 500 GRT	23	32	30	30
500 - 1000 GRT	235	239	167	167
1000 - 2000 GRT	172	166	146	146
2000 - 5000 GRT	1580	1485	1493	1493
5000 - 10000 GRT	1400	1303	1421	1421
10000 - 20000 GRT	1067	990	782	782
Over 20000 GRT	2959	3166	3489	3366
Draft of Vessels Handled		7381 ↓	7528	
Less than 8 feet	16	14	47	47
8 - 10 feet	383	313	211	211
11 - 15 feet	910	939	952	952
16 - 20 feet	1072	1019	1066	1066
21 - 25 feet	1608	1510	1502	1516
26 - 30 feet	2081	2213	2371	2263
31 - 35 feet	868	858	867	838
Over 35 feet	498	517	512	512
Length (LOA) of Vessels Handled		7383		
Less than 100 feet	27	5	5	5
100 - 250 feet	869	889	906	906
250 - 500 feet	2593	2372	2341	2346
500 - 750 feet	2178	2392	2371	2362
Overt 750 feet	1769	1725	1905	1786

APPLICATION FOR CHANGE OF RATES OF PILOTAGE PAGE 5

7(a). Comparison of the average net income of pilots in the port, using current rates, including the value of all benefits derived from services as a pilot, to the projected average net income using the requested rates.[1]

	PRIOR YEAR (2012)	PRESENT YEAR (2013)	PROJECTED YEAR (2014: +5.2%)	PROJECTED YEAR II (2015: -1.70%)[2]
Total Number of Pilots	18	17	17	18.5
Gross Pilotage Fees	10,953,151	10,935,160	11,492,537	11,297,190
Operating Expenses	4,767,103	5,047,267	5,524,662	5,589,432
Net Income	6,186,048	5,887,893	5,967,875	5,707,758
Average Net Income Per Pilot	343,669	346,347	351,051	308,527

	PRIOR YEAR	PRESENT YEAR	PROJECTED YEAR I	PROJECTED YEAR II
Other reasonable operating expenses of pilots (unaudited):				
Average Net Income Per Pilot	343,669	346,347	351,051	308,527
Items added back (per pilot) from previous rate hearings: [3]				
Corporation Funded Pension Contribution	7,228	7,228	7,228	7,228
Present Value of Non-Funded Retirement Plan	25,000	25,000	25,000	25,000
Corporation Major Medical	26,304	26,505	27,308	28,220
Corporation Life Insurance	1,440	1,440	1,440	1,440
SUBTOTAL	403,641	406,520	412,027	370,415
Expenses previously added back, though they are clearly common and reasonable expenses in the maritime industry:				
Political Contributions	632	165	0	0
Business Promotion and Lobbying [4]	5,354	4,553	4,353	4,045
ADJUSTED TOTAL PER PILOT [5]	409,627	411,238	416,380	374,260

[1] PEP provides these statements based on information from attached audited financial statements.

[2] 2015 Projected Revenue with 11.2% rate increase applied for ½ year.

[3] Items are added though required to be treated as normal business costs. *See* § 310.151(5)(b)9., Fla. Stat. (2014).

[4] Much of this money is used to secure state and federal funding for dredging and other infrastructure improvements, including development of additional acreage at Port Everglades. Business promotion includes money spent on the minority mentoring program set forth in Chapter 310, Florida Statutes. The lobbying and other political influence of the cruise and general shipping industry have made our level of awareness and involvement especially essential.

[5] Other reasonable operating expenses of pilots are provided with attached PEP financial statements.

Pilotage Charge Item	as of: 06/13/2003	Revenue for 12 Months Preceding Application	Requested Charge $15.00	Charge, as Applied to Actual Activity of Preceding 12 Months	on Requested Charge Applied to Preceding 12 Months	Increased Revenue on Preceding 12 Months Activity
DRAFT CHARGES: Per Foot .... Minimum to feet	$13.30 14'	$2,344,826	0 to 20': ~~$18.00~~ 21' to 30': $22.00 31' to 40': $29.00 41' to 50': $45.00	$3,998,996	$1,645,670	+70.2%
TONNAGE CHARGES: Per Gross Registered Ton Minimum GRT Maximum GRT	$0.0356 $0.0343 $0.0330 2,500 gt min	$8,424,894	$0.0356 (NC)* $0.0320 $0.0267 $0.0178	7,820,165 $7,825,378	604,789 ~~($599,516)~~	-7.2% ~~-7.1%~~
DOCKING/ UNDOCKING: All Vessels ...	None Charged	$0	None Requested	$0	$0	0.0%
SHIFTING: All Vessels ... Vessels without steering/motive power .... Minimum .... In Zones: (grouped together)	$300	$162,040	$330	$178,244	$17,244	+10.0%
OTHER CHARGES:						
Deputy Trainee	None Charged	$0	$20 per move	$150,000	$150,000	New Charge
Anchor	$300	$1500	$400	$2,000	$500	+30.3%
Cancel/Detention	$100	$800	$150	$1,200	$400	+50.0%
Running Lines	$100	$0	$300	$0	$0	+ 0.0%
Pilot Boat	$200	$800	None Requested	$0	$0	+0.0%
USCG Deviation	None Charged	$0	2 x Pilotage	$0	$0	+0.0%
Overall:		$10,934,860		~~$12,155,818~~ 12,149,885		~~+11.2%~~ 11.1%

Also change page 2

0-20 feet = $15.00 / draft foot
(not $18)

7(b) Comparison of the average net income of pilots as follows:

(1) 2015 no change in rates; (2) 2015 FCCA rate request of -25% for passenger vessels, applied for only 6 months of year; (3) 2016 projected with PEP rate request, with rates applied for year 1 and year 2 requested rates; and (4) 2016 projected with FCCA rate request of -25% for passenger vessels applied for entire year.

	No Rate Change (2015)	FCCA Rate Request (2015 – 6 months of -25%)	PEP Rate Request (2016 Full Year)	FCCA Rate Request (2016 – Full year -25%)
Total Number of Pilots	18.5	18.5	18	18
Gross Pilotage Fees[6]	10,715,256	10,006,951	12,279,064	9,112,673
Operating Expenses	5,455,652	5,294,867	6,214,054	5,495,280
Net Income	5,259,604	4,712,084	6,065,010	3,617,393
Average Net Income Per Pilot	284,303	254,707	336,945	200,966

	2015 (No Rate Change)	FCCA Rate Request (2015 – 6 mos. -25%)	PEP Rate Request (2016 Full Year)	FCCA Rate Request (2016 – Full year -25%)
Other reasonable operating expenses of pilots (unaudited):				
Average Net Income Per Pilot	284,303	254,707	336,945	200,966
Items added back (per pilot) from previous rate hearings: [7]				
Corporation Funded Pension Contribution	7,228	7,228	7,228	7,228
Present Value of Non-Funded Retirement Plan	25,000	25,000	25,000	25,000
Corporation Major Medical	28,220	28,220	28,220	28,220
Corporation Life Insurance	1,440	1,440	1,440	1,440
SUBTOTAL	346,191	316,595	398,833	262,854
Expenses previously added back, though they are clearly common and reasonable expenses in the maritime industry:				
Political Contributions	0	0	0	0
	4,045	4,045	4,045	4,045
ADJUSTED TOTAL PER PILOT [8]	350,236	320,640	402,878	266,899

[6] Gross Pilot fees includes projected revenue from changes in traffic and specific rate request applied.

[7] Items are added though required to be treated as normal business costs. *See* § 310.151(5)(b)9., Fla. Stat. (2014).

[8] Other reasonable operating expenses of pilots are provided upon completion of PEP's financial statements.

8. a) Pilotage rates in other ports deemed relevant by the applicant:

An objective way to determine whether pilotage rates are fair, just, and reasonable is to compare the costs to the customer. A customer who chooses to ship goods through Port Everglades pays less (and after the requested rate change, will continue to pay less) pilotage per unit of cargo than almost anywhere else in the United States. The customer will pay less per container, per barrel of petroleum, per ton of bulk cargo, and per passenger at Port Everglades than at any other port of comparable size.

Port Everglades is the eighth largest container port by TEU (source: Colliers) and the third largest port for passenger ships (source: FCCA) in the United States. It is also the largest tanker port by volume in the State of Florida, (source: Port Everglades) and handles among the most product tankers in the United States. Below is a comparison of other major U.S. ports and major ports within the State of Florida. *See* Appx. C.

Table 1 - Rate Comparison for Major Florida Ports

Florida Port	Rate	Min	GT	Minimum	Standard Vessel Fee			Large
	$/ft	Feet	$/ton	Ton	Minimum	Medium	Large	Cruise
Tampa	39.27	12	0.0713	2,600	657	$2,586	$5,135	$10,920
Jacksonville	21.20	15	0.0464	3,000	457	1,856	3,232	7,070
Key West	18.40	12	0.0345	2,000	290	1,260	2,498	5,330
Miami	17.43	14	0.0364	2,500	335	1,280	2,564	5,568
Port Canaveral	12.50	12	0.0280	2,500	220	962	1,940	4,258
Port Everglades (current)	13.30	14	0.0356	2,500	275	1,158	2,373	5,225
Port Everglades (proposed)	*various*	*14*	*0.0356*	*2,500*	*341*	*1,396*	*2,958*	*4,969*
Average (Mean)					**$368**	**$1,500**	**$2,957**	**$6,194**

Source: Published pilot tariff rate sheets for each port.

Table 2: Rate Comparison for Major United States Ports - 2014 Data
(ranked by large vessel charge)

Port	Rate	GT	SChg	Standard Vessel Fee			Effective
	$/ft	$/ton	Y/N	Small	Medium	Large	Date
Baltimore	Time	EC Pilot Unit	Y	$3,057	$8,186	$14,367	1/1/2014
New Orleans	109.33	DWT	Y	3,962	6,022	10,301	7/1/2014
New York	0.00	EC Pilot Unit	Y	1,399	1,954	7,282	1/1/2014
Arkansas/Corpus Christi	36.61	GC Pilot Unit	Y	1,218	1,784	6,926	8/1/2014
San Francisco	10.26	0.09181	Y	876	3,146	6,792	7/1/2014
Columbia River (Portland)	11.44	0.0615	Y	2,843	4,225	6,196	4/15/2014
Houston	74.26	GC Pilot Unit	Y	2,241	2,945	6,064	1/1/2014
Galveston	47.18	GC Pilot Unit	Y	1,384	3,260	5,860	5/14/2014
Crescent River	62.15	DWT	Y	2,607	3,966	6,023	1/1/2014
Tampa	37.27	0.0713	N	633	2,586	5,135	2/1/2010
Puget Sound (Seattle)	LOA	0.1042	Y	1,157	2,206	4,994	1/1/2014
Mobile	33.00	0.0550	Y	1,270	2,892	4,827	1/1/2014
Charleston	24.85	0.6100	Y	1,346	2,231	4,335	1/1/2014
Boston *	86.64*	0.0105	Y	1,288	2,450	4,287	1/1/2014
Associated Branch	55.89	DWT	Y	1,355	2,056	4,278	7/1/2014
Virginia	31.20	0.0596	N	805	1,075	4,169	10/1/2006
Jacksonville	21.20	0.0464	N	498	1,856	3,232	1/1/2004
Savannah	25.72	0.06126	Y	1,371	2,374	3,160	7/1/2014

*Port Everglades (Proposed) ***	*15,22,29,45*	*0.0356*	*Y*	*505*	*1,396*	*2,958*	
Miami	17.433	0.0364	N	405	1,280	2,564	4/1/2002
Port Everglades	13.3	0.0365	N	325	1,158	2,373	6/13/2003
Average (Mean)				**$1,455**	**$2,812**	**$5,530**	

Standard Vessels Utilized:

Small Vessel	LOA 342', Beam 55', Depth 26.9', GRT 2033, DWT 5196, Draft 18'
Medium Vessel	LOA 636', Beam 79', Depth 26.9', GRT 23200, DWT 26800, Draft 25'
Large Vessel	LOA 965', Beam 106', Depth 70.2', GRT 53208, DWT 67616, Draft 36'
EC Pilot Unit - (LxB)/10,000	
GC Pilot Unit (LxB)/100	

* Boston has a graduated rate for Draft Based on Tonnage ranging from $54.57 to $133.09 per draft foot

** Port Everglades(Proposed) - Tiered tonnage $0.0356,$0.0320,$0.0267,$0.0178

Source: Published pilot tariff rate sheets for each port.

Table 3 - Port Comparison for Large Cruise Ship - 2014 Data
(ranked by cost)

Port	One-Way Cost Large Cruise Ship
Mobile	$18,499
San Francisco	16,875
Columbia River (Portland)	11,416
Tampa	10,920
Baltimore	10,919
Puget Sound (Seattle)	10,911
Houston	10,058
Savannah	9,347
New Orleans	8,865
Virginia	8,539
Arkansas/Corpus Christi	7,884
Charleston	7,837
New York	7,610
Jacksonville	7,070
Miami	5,568
Key West	5,330
Port Everglades (current)	5,225
Port Everglades (proposed)	4,989
Port Canaveral	4,258
Galveston	3,244
Average (Mean)	**$8,768**

Passenger Vessel Used for Comparison:
Cruise: *Navigator of the Seas* (LOA 1021' Beam 127', Depth 70', GRT 139570, DWT 9616, Draft 28')

Notes on Rate Comparison:

- Of the eighteen ports compared outside of Florida, sixteen have surcharges in addition to their standard rates. This includes charges for transportation, communications, pension plans, pilot boats, board operations, capital expense, continuing education, pilot training, helicopter transport,

fuel, and insurance.

- Only one of the eighteen ports outside of Florida had no rate increase in 2014.

- All ports outside of Florida have regular adjustments for inflation, most on an annual basis.

- The following twelve ports have additional charges added to the base pilotage rate for pilot-assisted docking or for a docking master: Jacksonville, Tampa, Charleston, Savannah, Mobile, Crescent River, New Orleans-Baton-Rouge, Boston, New York, Delaware River, Maryland, and Virginia. The service is provided at Port Everglades at no additional charge.

- Few ports on the East or Gulf Coasts cater to as diverse a range of tanker, bulk, passenger, Ro/Ro, freight and break-bulk, container, barge, and U.S. Navy traffic as Port Everglades. Most ports serve more concentrated segments of the maritime industry. After the requested rate is in effect, the pilotage rates at Port Everglades will continue to be lower than those in competing and comparable Florida and U.S. ports for virtually every category of vessel.

Pension Surcharge:

- The following ports charge all vessels additional fees in order to fund pilot pension plans: Crescent River, Associated Branch, New Orleans-Baton Rouge, New York, and San Francisco. This charge is as much as 37% over the pilot rate.

b) **(REQUIRED BY PILOT APPLICANT/OPTIONAL BY NON-PILOT APPLICANT)**

Time Spent by Applying Pilot on Actual Piloting Duty (Actual Hours/Year)	Time Spent by Applying Pilot on Other Essential Support Services (Actual Hours/Year)

Time Spent on Actual Piloting Duties.

"Time spent on actual piloting duty includes handle time, transit time to and from the vessel, and administrative time related to that handle." *ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 53, *approved and adopted*, (Fla. PRRC Apr. 18, 2012).

Time spent on actual piloting duty is an estimated 2 hours and 37 minutes. This includes approximately 1.75 hours of bridge time per vessel. The pilots moved the primary boarding area further offshore to two miles seaward of the Port Everglades buoy after the tragedy of 9/11, when federal law enforcement agencies requested that the pilots conduct a security assessment on all inbound vessels, which we continue to do on each and every boarding. The largest vessels are being boarded as far as three miles offshore when conditions require. The larger vessels require not only more time to get to the bridge, but more sea room to properly position the vessel for the channel approach. This has increased our transit time inbound by about 12 minutes. The increased average vessel size has also added transit time, due to slower transit speeds in the inner channel and intercoastal waterway to avoid adversely affecting other vessels docked in the port.

The time spent transiting to or from a ship by pilot boat can be greater during rough weather when the pilot boat cannot safely run at full speed. An idle speed/minimum wake zone in all areas of the port extending to the inner channel greatly increases the time necessary to get to a ship or return to the dock. Time spent traveling between the pilot office and the port can be longer during peak traffic hours and on days with multiple passenger ships. On average, five minutes is spent per ship logging ship information for billing and record keeping purposes.

The PEP moved 7,383 ships in 2013—an average of 434 movements for each of the port's seventeen pilots. Therefore, in 2013, the average pilot's time spent on actual piloting duty was 1,136 hours. This is among the highest work levels of piloting groups in the United States for which data are available.

The PEP is a 24-hour-a-day, seven-day-a-week, 365-day-a-year operation. It requires just a one-hour notice for both inbound and departing vessels—the shortest call requirement of any pilot group in the United States. This means that all pilots on watch are on call and must be able to reach the port within 35 minutes of being called. Each pilot is on watch for four weeks straight (no weekends or holidays off) and therefore has 26 weeks of base time on watch every year. For the first two weeks of the on-watch time, pilots primarily work either the day shift (from 0700 to 1900) or the night shift (from 1900 to 0700); for the latter two weeks, they switch. During the busy cruise-ship season, and sometimes during the low season as well, a pilot will be called during his [illegible] irs of "off time" to pilot an arriving or departing vessel. Because of their unique schedule re[illegible] st often a cruise ship (they all seek to arrive and depart within the same narrow wind[illegible]

45.5 S/B on watch

475 S/B off watch stand by

For an additional eight weeks every 17 months, in their off-watch time, [illegible]gnated pilots." The designated pilot is on call to come in if another pilot is injured, [illegible]ason, such as family emergency or attendance to other pilot business matters. This [illegible]eeks per year of standby time per pilot.

There can also be a need to call in additional pilots during their off-watch time w[illegible]reseeable spike in traffic is indicated on the schedule. This most often happens on the weekends during the peak of cruise-ship season. This generally occurs eight to twelve weekends each year and will result in calling in two pilots each, both on Saturday and Sunday, for a total of 108 additional man hours, which would be 45.5 additional hours per pilot per year (24 days x 2 pilots x 2.25 hours, divided by 17 pilots).

Thus, a pilot at Port Everglades spends a minimum of 2,184 hours on piloting watch duty (26 weeks x 7 days x 12 hours), 475 hours on standby piloting time (5.66 weeks x 7 days x 12 hours), and 45.5 hours on off-watch piloting, for a yearly total of 2,704 hours.

Time Spent on Other Essential Support Services

Though common in the industry, the PEP does not employ extra personnel to handle dispatching duties. This essential task is performed by the lead pilot on duty. The extra time and effort that each pilot expends on handling the dispatching component of the job, rather than hiring additional personnel to do this work, saves a minimum of four employees working 24 hours a day for 365 days a year, or 515 hours per pilot per year (8,760 hours, divided by 17 pilots).

The managing pilots handle pilot-related administrative and liaison responsibilities. We have two co-managing pilots, one from each watch, to liaison year-round with consumers, the port, regulatory authorities, and the general maritime community. This includes attending regular meetings of the PEP, harbor safety committee, and harbor security committee, as well as meetings with the customers of the port on a regular basis. Some pilot associations hire full-time business managers, and others remove one of their pilots from piloting duty to perform this essential service. At Port Everglades, the managing pilots rotate every three years among all the working pilots. The two managing pilots together fill the role of a full-time pilot representative. This position consumes approximately 31 hours each week, or 1,612 hours each year, or 95 hours per pilot per year.

The pilots have a legal duty to train deputy pilots. *See* § 310.075, Fla. Stat. (2014); Fla. Admin. Code R. 61G14-13.001. To comply with this mandate, we have a Deputy Pilot Training Committee, which oversees the deputy pilot training program. These pilots create, update, and revise the training program approved by the BOPC and supervise the deputy trainees during their 2.5- to 3-year training programs. They also oversee the progress of the trainees,

submit volumes of required documentation at each phase of advancement, and submit requests for issuance for permanent certificates and state licenses to the full group of pilots and the BOPC. The Committee consists of three pilots. These duties consume five hours per month, for a total of 180 hours annually for the 3-member Committee.

The PEP has a committee of four pilots in charge of continuing education and training. This committee researches training facilities and programs and determines the training syllabus for all pilots. It meets once in each 28-day cycle for four hours, for a total of 208 hours (4 pilots x 4 hours x 13 meetings annually).

The following are examples of training in which the Port Everglades pilots participate: Advanced ECDIS for Pilots, Advanced AZIPOD Training, Bridge Resource Management for Pilots, Emergency Shiphandling, ship-specific training for new classes of vessels (*e.g.*, *Oasis* and *Allure of the Seas*), and manned-model shiphandling courses. Classes can be as short as one day and as long as one week. Training is conducted during a pilot's off-watch time.

The Port Everglades pilots are involved in many aspects of the piloting profession. Two pilots are members of the BOPC. Three pilots are members of the board of directors of the statewide pilot organization—the Florida Harbor Pilots Association (the "FHPA"). One is the vice president of the FHPA. Meetings for both groups require pilots to attend in their off time, or require the standby "designated pilot" to be called in to cover for those individuals.

Three of the Port Everglades pilots have taken regular rotations in Kuwait supporting America's war on terror as part of the Naval Reserve. This has necessitated other pilots being called in to perform their piloting duties during the time that pilots were serving overseas.

One pilot is responsible for the administration of the watch rotation for the year, as well as the scheduling of the designated-pilot roster. This task requires about two hours per month to prepare the monthly schedules, as well as about four hours per year for major adjustments and review. This amounts to a total of 28 hours per year (2 hours x 12 months + 4 hours).

The daily operations of the business are also handled by pilots rather than outside managers. The pilots have eight full time, non-pilot employees to assist with this operation year-round. This includes two office staff and six USCG-licensed boat captains. Management of a corporation of this size would reasonably require at least two full-time executive employees to handle administrative tasks such as supervision of boat, dock, and building-maintenance staff, medical and dental insurance program administration, USCG-approved drug testing and reporting and administering, pension-plan administration, legal and banking oversight, and other human resources tasks (*e.g.*, workers' compensation), new construction boat building program, fuel purchasing and consumption oversight, EPA compliance, radio gear (both mobile and base), and purchasing and procurement. About half of the tasks the pilots perform as executive managers occur when pilots are on standby duty; the balance occurs during off-duty cycles. Since two outside executive employees would work 40 hours per week for a minimum of 48 weeks per year, each of the seventeen pilots devotes an average of at least 225 hours per year to these tasks.

Additional Relevant Information (Required by Pilot Applicant/Optional by Non-Pilot Applicant):

The Average Number of Jobs per Day

The average Port Everglades pilot performs more jobs per day—approximately 2.5—than the average pilot of any of the 23 pilot organizations analyzed by Dibner Maritime Associates ("DMA"). The PEP are this productive because the route they serve is relatively short (despite sharp turns and the increased distances that pilots must travel to and from the embarkation points for larger vessels and the turn-arounds and navigation to Southport). Their productivity is also enhanced by the fact that a substantial portion of the trade are tankers, tank tug-barge units, and dry bulk that are more likely than containerships to arrive at all hours because the terminals at which they call can

operated around-the-clock with a small number of personnel. By contrast, containerships tend to prefer early arrivals so that they can be docked, cleared by customs, and ready to handle cargo with a first shift.

DMA's latest analysis of the average number of jobs per pilot per day is below. It is based on the number of jobs performed and the number of days per year that a pilot is on watch and available for duty—typically 182.5 days on a pure day-on/day-off arrangement, or 168.5 days if the pilot organization provides vacation time and coverage for illness. Port Everglades and Port Miami are 182.5-day on-watch organizations. Other than Brazos/Freeport, Texas, none of the other pilot associations analyzed performs more than 2.08 jobs per day. The weighted average is 1.09.

Average Jobs Per Day Per Pilot	
Port	**Jobs/Day**
Port Everglades FL	2.53
Brazos/Freeport TX	2.44
Miami FL	2.32
Long Beach CA	2.08
Los Angeles CA	1.99
Savannah GA	1.73
Sabine River / Bar TX	1.57
Mobile AL	1.49
Corpus Christi / Ingleside TX	1.44
Assoc. Branch Mississippi LA	1.42
Jacksonville / St. Johns FL	1.24
Charleston SC	1.23
Pascagoula MS	1.21
Weighted Average	**1.09**
Lake Charles LA	1.06
Columbia River WA/OR	1.01
Crescent – Mississippi River LA	0.98
Houston TX	0.93
Puget Sound WA	0.89
New Orleans / Baton Rouge / Mississippi River LA	0.64
Columbia River Bar WA/OR	0.38

The number of jobs is largely a function of the distance travelled and the speed at which ships can safely be piloted. The long trips on the Lower Mississippi River and the Houston Ship Channel, for example, require greater times, thus limiting pilots to one trip per day, with pilots held in reserve to meet variations in the numbers of ships moving each day. For this reason, some pilots perform less than one trip per day in the normal course of on-watch duties.

One consequence of the high number of pilot jobs at Port Everglades is that these pilots have more movements between ship and shore by pilot boat or automobile. This adds more "set up" time per day, even though the trips by pilot boat and automobile may be somewhat shorter in length. This can bear on the total task time, which consists of bridge time and other task time (largely transportation, moving aboard ships to and from the bridge, waiting for boats and automobiles, and margins of time to assure on-time arrival).

Because Port Everglades pilots perform approximately 2.5 jobs per day, they have the challenge of maintaining their sleep cycles during their week on duty. Rather than move to the bottom of the roll of on-duty pilots in order to rest, a Port Everglades pilot is better served and better rested by a fairly swift day that entails an average of two or three jobs in fairly quick succession, and then going home to rest when they are tired and used to sleeping. Given that the average assignment will take 2.6 hours, their daily task time is between 5.2 and 7.8 hours, net of waiting time between jobs. Thus, the work-day is intensive, with little time to eat, relax, or recompose.

At ports with longer basic inbound or outbound trips (say, 3 or 4 hours), a pilot might be able to perform that assignment and a shorter job, such as a movement within the harbor, from anchorage to berth, berth to anchorage, or berth to berth. This fills in the working day without extending it in a manner that disrupts the sleep cycle.

Like many ports, Port Everglades experiences periods of peak activity that require more pilots at some times and fewer at other times of the day. Containerships often prefer to arrive in the pre-dawn hours in order to be moored, cleared by customs, and prepared for the first shift of longshore and stevedoring gangs to promptly begin work at lower labor rates. Many cruise ships also prefer to call at ports in the morning to discharge passengers completing a voyage and embark passengers beginning a voyage. This can create a major morning surge of pilot activity over a few hours. By contrast, tankers and bulk carriers tend to be able to load and discharge cargoes at any time of day.

Trends in Pilot Compensation Over Time

Background

The PEP provides ship-piloting services in a manner similar to the vast majority of pilots in the United States: they operate as a distinct association, serve a specific geography, are under the oversight of a statewide or port area commission or port authority, and are subject to selection and performance review of a commission and, in the event of a significant incident, investigation by the U.S. Coast Guard and the National Transportation Safety Board. The pilots are accepted, trained, and appointed by a process that involves examinations to be trained, deputized, and formally appointed. Pilots are subject to injury and even death (most typically in transfers between ship and pilot vessels), and these incidents can end careers. By the same token, more than 1,200 state-commissioned pilots in the United States handle more than 300,000 ship sailings and arrivals each year, with very few incidents caused by pilots.

Indeed, in more than 83 years of PEP operations, not a single drop of petroleum has been spilled in what is the largest single petroleum product receiving port on the Atlantic Coast of the United States, and no loss of life or major incident has occurred in a port that has handled more than 90,000 ship movements during the most recent decade.

Compensation and Inflation

Compensation must rise at least with inflation in order even marginally to preserve buying power. The Consumer Price Index ("CPI") in the United States and related CPI's for regions of the nation are critical metrics carefully prepared by the federal government. Between 2000, when PEP's current tariff process was applied for, and the present time, the Miami-Fort Lauderdale CPI has increased by 45%. With no rate increase since that tariff adjustment, the buying power of the pilots' compensation has been significantly eroded.

The selection of persons to be candidates for pilot training and progression to deputy pilots and then full pilots is based on examinations, education, maritime work experience, physical condition, and dedication to the demands of a distinctive profession. No other maritime profession requires ship masters of the cargo vessels that form more than 99% of the world's fleet of seagoing ships to perform what pilots perform. Ship masters generally depend upon pilots and their ship-handling expertise, experience, knowledge, and skill to navigate in channels, turn ships, and berth and unberth in locations where the risks of collision or allision (striking fixed objects) is high.

To attract well-qualified pilots to the profession and to Port Everglades, and to keep them at Port Everglades, competitive net income is essential. If sufficient net income is not provided, the upper echelons of candidates and younger pilots with mobility will apply for positions at other ports, remain in the shipping industry as ascending officers, take shore management jobs in the maritime industry, or rely on their education outside the industry.

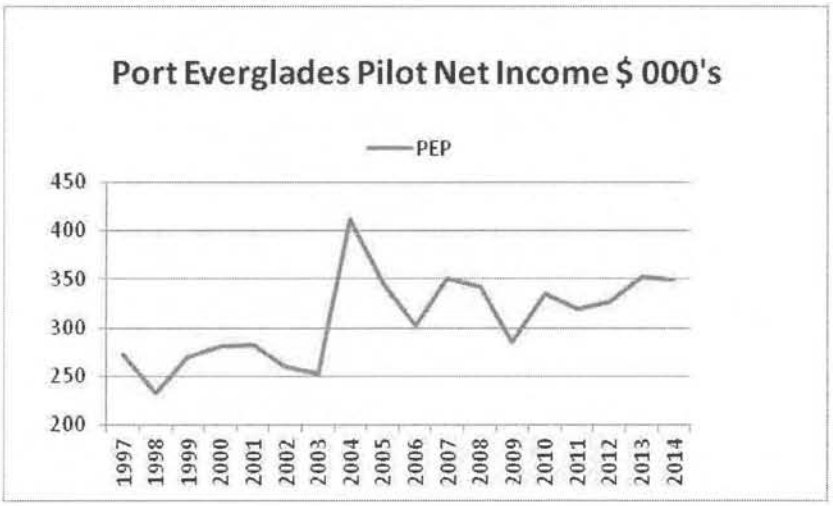
According to data made available by Clarksons Shipping's research division, in early 2014 there were 463 cruise ships in the world and 88,359 seagoing ships over 100 gross tons. Cruise ships represent 0.35% of the world fleet—

about one-third of one percent. Cruise shipping constitutes a significant portion of ship calls in Port Everglades, Miami, and Port Canaveral, but that is anomalous.

Trends in State Pilot Compensation in the United States

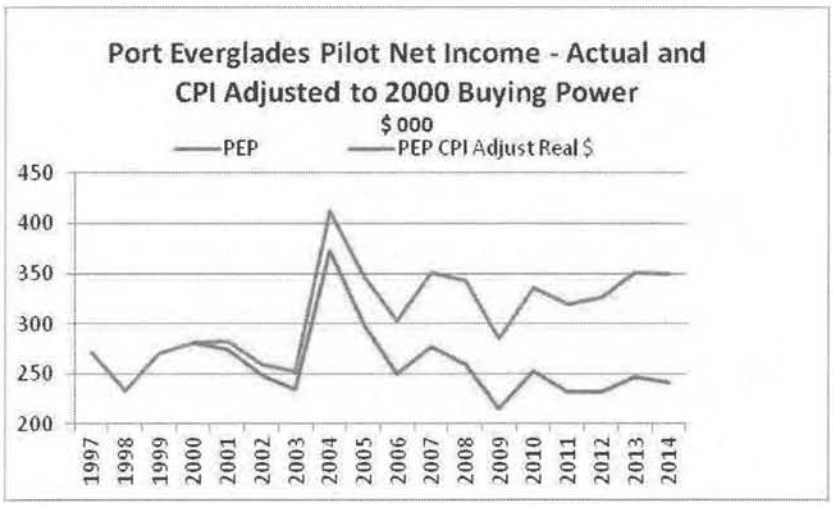
Between 2000 and 2014, the average net income of pilots at Port Everglades increased in current dollars as ship traffic and the 2002 rate increase took effect. The volatility in net income is due largely to variations in the number of day cruise vessel operations, which appeared, peaked, ceased, and was recently replaced in part by a smaller high speed ferry/vehicle service to Freeport. The peak income during 2004 can be largely attributed to a lag between a rapid increase in passenger vessel business and the length of time necessary to appoint and train deputy pilots to meet the demonstrated business need. It is compounded by the failure to complete the training of one deputy pilot. In the period from 2004 to 2008, the number of pilots increased from 16 to 20.

Exhibit 1



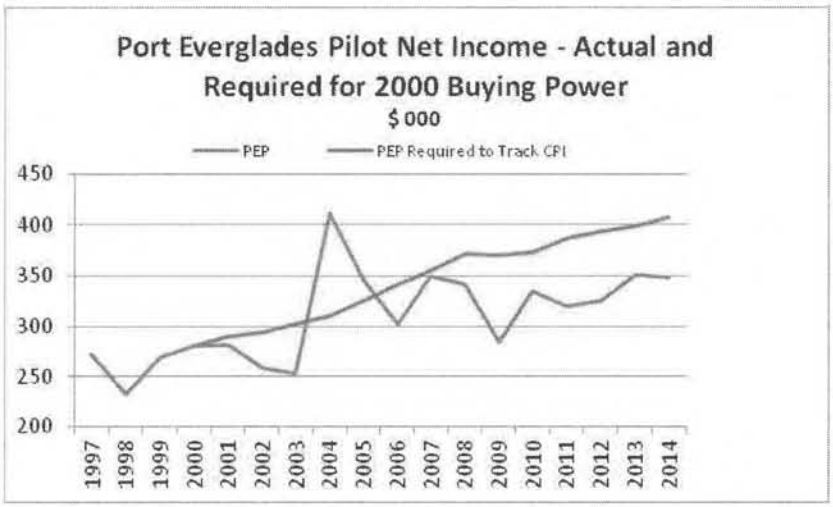
In real terms, PEP pilot net revenue actually declined, as shown by the red line below, which tracks the impact of inflation on the buying power available to pilots. PEP purchasing power of about $280,000 in 2000 declined to about $240,000 in 2014.

Exhibit 2



To keep pace with the inflation, PEP income would have had to increase as shown in Exhibit 3 below. Beginning in 2001, rates would have had to rise gradually to just above $ 400,000 for 2014—simply to maintain purchasing power in the Miami-Fort Lauderdale area.

Exhibit 3



Beginning in the late 1990's, the State of Louisiana Pilot Fee Commission (which set the rates and compensation of four pilot organizations with more than 300 full pilot positions in force or applied for) developed the Automatic Tariff Rate Adjustment Mechanism ("ATRAM"). ATRAM is a mechanism to annually adjust fair and reasonable operating costs (other than net income) on a lagging basis based upon prior-year audited financials.

The ATRAM process also established a minimum level of compensation based upon the average rate of CPI increases for the prior five years. Only when average pilot compensation in an organization fell below this net income figure would the Commission consider adjusting tariffs to bring average pilot net income up to the minimum compensation level. In more than ten years since full implementation of ATRAM, adjustments have not been necessary because traffic, revenues, and adjustments to the number of pilots have been adequate.

Exhibit 4 shows that the required net income for PEP closely tracks Louisiana's ATRAM minimum. Had the PEP's purchasing power been adjusted in line with the CPI, it would have been close to this mechanism and the net income of more than 300 pilots in Louisiana.

Exhibit 4

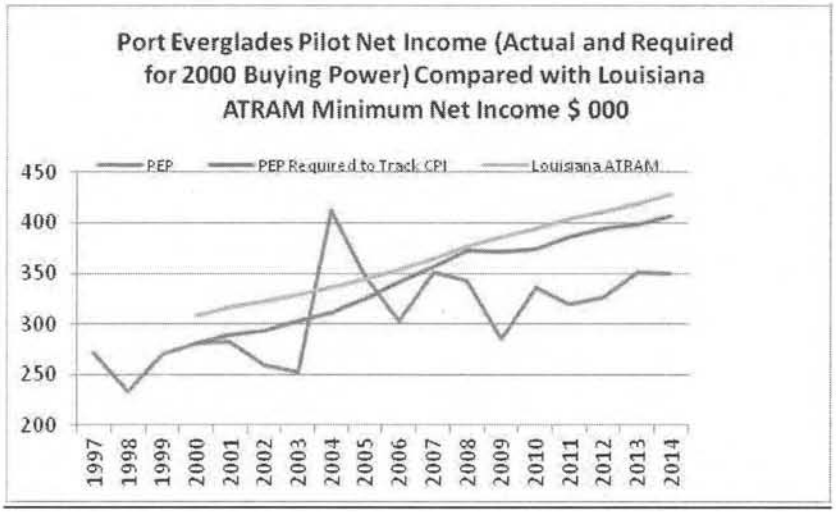
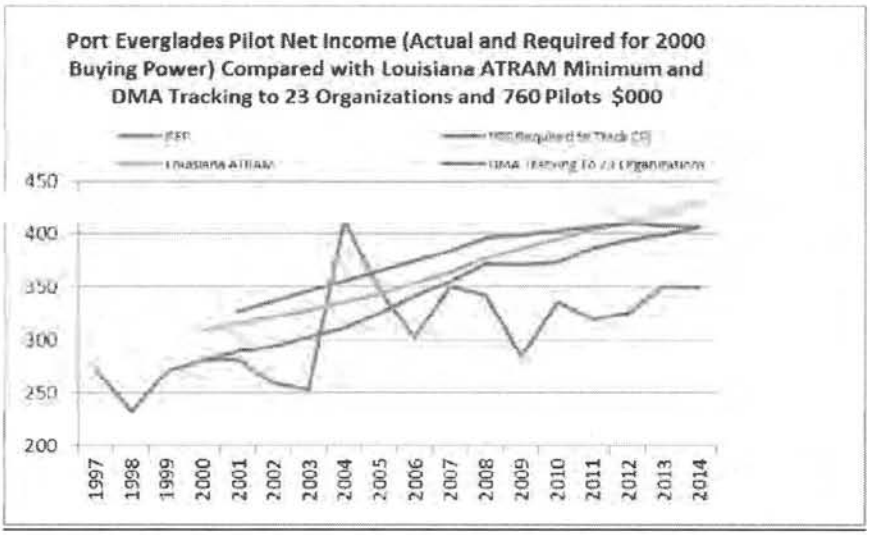


Exhibit 5 shows that the trend of an increasing set of pilot organizations from Charleston, South Carolina, to the Puget Sound in Washington State closely followed the ATRAM net-income floor: by 2014, the average net income was approximately $407,000.

Exhibit 5



During this same time frame, DMA's analysis of pilot organization net income, pilot staffing, and related metrics has broadened and deepened from the few pilot incomes roughly disclosed around 2002 and the PEP rate case at that time. DMA has more than 12 years of experience, which now encompasses 23 pilot organizations from Savannah, Georgia, to Hawaii and Puget Sound. These organizations comprise more than 760 pilots.

The slight decline in pilot net income that has occurred since 2010 reflects several forces that are not shipping- or compensation-controlled. These include the following:

- The substantial increase in U.S. and Canadian crude oil has reduced imports of crude oil into the Gulf, reducing inbound crude oil tankers and imports. This reduction has only partially been offset by increased volumes of the exported petroleum products and domestic U.S.-flag tankers and large tug-barge units.

- The Great Recession and its impacts have moderated demand for a wide range of raw, semi-finished, and finished goods.
- Fewer large ships in some types of trade (notably the container trade) have reduced the numbers of calls.
- The appearance of wider ships has reduced the numbers and drafts of some dry bulk carriers, tankers, and containerships.
- The peaking of U.S. petroleum product consumption has moderated tanker shipments and deliveries.

As the growth of U.S. crude production moderates and U.S. exports of liquefied natural gas, petroleum gas (ethane, ethylene, and propane/butane) begin, pilots in some ports will experience growth once again. Pilot organizations will continue to adjust the numbers of pilots to meet workloads, while assuring that they have the capacity to meet demand fluctuations.

The underlying shipping charts convey a critical message:

- Pilot compensation in ports other than Port Everglades has generally increased in line with the CPI.
- The PEP have earned less than their peer average and have experienced declining buying power.
- The cruise industry, with one-third of one percent of the world's merchant fleet, has been afforded disproportionate power to disrupt the compensation of professionals in a manner that is at odds with the treatment of pilots outside of Florida, and which jeopardizes public safety and the interests of the State.

c) Prevailing Rate of Compensation of Individuals in Other Maritime Services of Comparable Professional Skills (If deemed relevant by the Applicant)

Classification of Maritime Services — Rates of Compensation (per/year)

The professional skills and role of the licensed state pilot within the regulatory structure of the State of Florida are unique, and pilots cannot reasonably be compared to any other single maritime professional. Pilots function as components of an independent small-business enterprise, bearing responsibility to provide the infrastructure and support services that make the practice of their profession possible. The most accurate way to determine a rate of compensation in other maritime services of comparable professional skills is to compare the income of pilots in ports around the United States that compete for the same talent from the same small pool of qualified candidates.

At the Biscayne Bay hearing in July 2014, Captain George Quick testified that average pilot compensation in the United States is between **$400,000** and **$430,000**. This number does not include all of the pilots' benefits. Income in this range is supported by the Louisiana Public Service Commission and independent consultant, DMA.

Every Port Everglades pilot is a graduate of one of the State or Federal Maritime Academies. Several have advanced educational degrees, such as MBAs, JDs, and an MA in International Relations. All of them had other opportunities both ashore and afloat but elected to pursue careers as pilots. Piloting is considered to be the pinnacle of the maritime profession. It is the final stage to which a deck officer can advance after spending years going to sea. For that reason, and to motivate a captain to abandon his seagoing career, or a senior deck officer to make the sacrifices and effort to become a pilot, pilot compensation has historically been significantly higher than that of a sea-going master. This high level of compensation meets the legislative objective to "attract to the profession of piloting, and to hold the best and most qualified individuals as pilots." § 310.151(5)(b)6., Fla. Stat. (2014). While at past hearings we have offered alternative career paths of maritime graduates as comparable maritime professions, the most direct and accurate comparison is to pilots in other U.S. ports.

Every pilot and deputy pilot in Port Everglades had a USCG Unlimited Tonnage Master's license prior to entry into the Deputy Pilot Training Program. At Port Everglades, this is the entry level credential. Section 310.151(5)(b)6., Florida Statutes, sets the wage rate for comparable professions as the floor compensation level. *See also ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 57. Currently, the wage rate for a master working 182 ½ days per year is **$304,066.** (Source: Master's, Mates & Pilots.) This is 49.8% higher than in 1996 (Investigative Report – PEV 2001, C-9) and closely matches the CPI over the same period.

Unlike the pay of Masters, the pay of PEP has not kept pace with inflation. In 1990, pilot income was **$358,000**. In 1998, the BOPC targeted income at **$368,000**, following extensive litigation all the way to the Florida Supreme Court. Adjusted for inflation, this target for 2013 would be **$533,600**. Pilot income remains well below the inflation-adjusted target set as a reasonable level by the BOPC and affirmed by the Court. Compensation at this level would put Port Everglades exactly where it used to be 16 years ago in relation to other ports around the country; above the national average but far from the highest paid. That compensation level proved sufficient to attract enough qualified candidates, including minorities, unlike the current situation in Port Everglades. The income shown for 2013 in Section 7 of this application remains below the level achieved 23 years earlier in both nominal and real terms.

Over many rate hearings, the FCCA has suggested a number of professions for comparison, including firemen, construction workers, air-traffic controllers, and foreign cruise ship officers. None of these positions has the necessary experience, skills, or credentials to be sought as pilots, and therefore none meets the statutory criteria. The FCCA rate reduction would reduce individual pilot compensation below the legally mandated "floor" for pilot compensation. *ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 56. On this basis alone, its rate request must be rejected.

APPLICATION FOR CHANGE OF RATES OF PILOTAGE
PAGE EIGHT

Pilotage Charge Item	Present Charge as of: 06/13/2003	Actual Revenue for 12 Months Preceding Application	Requested Charge	Revenue Based on Requested Charge, as Applied to Actual Activity of Preceding 12 Months	Increased Revenue, Based on Requested Charge Applied to Preceding 12 Months	Percentage of Increased Revenue on Preceding 12 Months Activity
DRAFT CHARGES: Per Foot . . . . Minimum to feet	$13.30 14'	$2,344,826	0 to 20': $18.00 21' to 30': $22.00 31' to 40': $29.00 41' to 50': $45.00	$3,998,996	$1,645,670	+70.2%
TONNAGE CHARGES: Per Gross Registered Ton Minimum GRT Maximum GRT	$0.0356 $0.0343 $0.0330 2,500 gt min	$8,424,894	$0.0356 (NC)* $0.0320 $0.0267 $0.0178	$7,825,378	($599,516)	-7.1%
DOCKING/ UNDOCKING: All Vessels . . .	None Charged	$0	None Requested	$0	$0	0.0%
SHIFTING: All Vessels . . . Vessels without steering/motive power . . . . Minimum . . . . In Zones: (grouped together)	$300	$162,040	$330	$178,244	$17,244	+10.0%
OTHER CHARGES:						
Deputy Trainee	None Charged	$0	$20 per move	$150,000	$150,000	New Charge
Anchor	$300	$1500	$400	$2,000	$500	+30.3%
Cancel/Detention	$100	$800	$150	$1,200	$400	+50.0%
Running Lines	$100	$0	$300	$0	$0	+ 0.0%
Pilot Boat	$200	$800	None Requested	$0	$0	+0.0%
USCG Deviation	None Charged	$0	2 x Pilotage	$0	$0	+0.0%
Overall:		$10,934,860		$12,155,818		+11.2%

10. Detailed explanation of special characteristics, dangers and risks of the port for which the rate change is being requested:

Lengths of Various "Pilotage Waters" Channels: (Include "Average Length" of Pilotage Trip and estimated time to complete pilotage "dock to dock".)

Lengths:	Pilot Boarding Area to Sea Buoy	2+ Miles
	Sea Buoy to Turning Basin	2 Miles
	ICW to Southport Berth 33	1.5 Miles
	Dania Cut-Off Canal	1.5 Miles
	(Average estimated time to complete pilotage:	1.5 Hours)

Widths of Various "Pilotage Waters" Channels:

Widths: Main Outer Channel = 500' (narrows to 450' near jetties and into Turning Basin)

ICW Southward to Dania Cut-Off Canal = 400'

Dania Cut-Off Canal to: (a) Port Dania = 60' (b) West Basin = 50'

Depths of Various "Pilotage Waters" Channels:

Project Depths: Main Ship Channel to: (a) Jetties = 45' (b) Inner-Bar Cut = 42'

Main Turning Basin = 42'

North Extension of Basin = 31'

South Extension of Basin = 36'

ICW to Dania Cut-Off Canal = 42'

Turning Notch = 42'

Dania Cut-Off Canal to West Basin = 12'

List of Unusual Hazards to Navigation:

Strong, unpredictable cross currents interacting with tidal currents in the outer channel. Strong tidal currents prevail in the inner channel, ICW, and the turning basin, especially when excess water is released through the canals of the South Florida Water Control District. The rocky sides and bottom of the channel and turning basin will cause extensive damage and possible pollution if touched by ships or barges. There are three converging waterways with a sharp 105-degree turn of a narrow, rock lined channel. We are by-passing extremely large passenger ships with very large, deep-draft containerships in a channel that is only 60% of the width that the U.S. Army Corps of Engineers ("ACOE") would design today for the same vessels. We are docking deeply loaded tankers in occupied slips that are less than 60% the width of that which the port's Master Plan engineers have designed for the very same vessels. Very high level of recreational boat traffic, many with unskilled operators. There are protected, pristine corals in the approaches to and lining the sides of the ship channel.

List "Weather-related" Hazards to Navigation:

Northeasters increase the strength and unpredictability of cross currents in the outer channel. Southeasters will greatly increase the difficulty of handling deep-draft vessels, especially during flood tides. Inland heavy rains increase the strength of ebb tides, both through run off and Flood Control, particularly increasing the degree of difficulty in Port Dania, Southport, and the Turning Notch, and when handling loaded tankers in the slips. Heavy swell conditions may restrict or prohibit transit of deeply laden vessels crossing the outer bar. Strong wind-driven flood current has a tendency to work on the stern of deeply loaded vessels to turn them crossways in the main ship channel.

List any limitations imposed by Association as to drafts, lengths, tonnages, beams, types, etc., of vessels handled within port's pilotage waters and provide reasons for same:

See Appendix D for Harbor Safety Agreement, Berth Draft Restrictions, Letters of Guidance, Limitation, and Restriction.

Other Relevant Information

See Appendix E for Final Report of the U.S. Coast Guard's Ports and Waterways Safety Assessment ("PAWSA"). The report, which is discussed more fully below, confirms that Port Everglades is one of the most challenging and dangerous ports in the nation.

11. Detailed statement explaining how the requested rate change will result in fair, just and reasonable rates, taking into consideration the public interest in promoting and maintaining efficient, reliable, and safe piloting services and further taking into consideration the factors set forth in Section 310.151(5)(b), Florida Statutes.

1. The public interest in having qualified pilots available to respond promptly to vessels needing their service.

Eleven years without a change in rates has resulted in a serious erosion in PEP compensation and buying power. During the same period, operating expenses have increased. Pilot boats are essential for prompt service to ships, but they are costly and continually in need of repair and upgrades. Continued stagnation in pilot buying power—not to mention a punitive, irrational reduction in rates sought by the FCCA—would lead to difficult choices to delay pilot boat repairs or forego new purchases. Equipment failure will surely follow, and pilots will not be available to respond as promptly. And, as discussed in Section 11(7) of this application, there is an equally disturbing shortage of new, well-qualified pilots able to replace the pilots who will retire soon.

The public interest in securing qualified pilots available to respond promptly to vessels cannot be stronger. A single error by a port pilot can have disastrous consequences. Indeed, pilots cannot make mistakes; one mistake would be too many. A single error can jeopardize thousands of lives, billions of dollars of property, an irreplaceable environment, the State's tourism and economy, and the supply of basic necessities to large metropolitan areas. With its large population centers, heavy reliance on tourism, and unique environment, perhaps no State depends so much on the skill and expertise of pilots as Florida.

In South Florida, a single grounding that blocks Port Everglades would spell disaster. Port Everglades supplies 95% of all petroleum products to twelve counties in South Florida, including gas to gas stations and aviation fuel to three airports. South Florida has an estimated 72-hour supply of these products. After 72 hours, the tank farms would begin to run dry, and South Florida would come to a standstill.

Similarly, South Florida is home to the Great Florida Reef—the only living coral barrier reef in the continental United States. An oil spill caused by the port's narrow channels, or its unforgiving limestone bottom, would devastate South Florida's pristine ecosystem, as well as its tourism industry. In 2013, 13 million tourists spent $10 billion in Broward County. A spill would tarnish the white sandy beaches and bring tourism to a complete standstill.

There is no room for error, and the policy of the State is to ensure, through competent rewards, that these interests are entrusted to the best and brightest. Even an error rate of 1% would translate to approximately 70 incidents at Port Everglades every year. Such incidents have not occurred—not because pilotage is easy and the profession unnecessary, but because Florida has taken the necessary steps to attract capable and skillful pilots. The risk of an incident is never remote, and the successful performance of Florida's port pilots should not suggest that the hazards are minimal, that skilled pilot candidates are plentiful, or that deep rate reductions will not decrease the availability of top-notch pilots and thus increase the risk of error. The State cannot risk mediocrity in its piloting services.

It is only because Florida's pilots perform an arduous service so flawlessly, and overcome the shifting challenges of pilotage so masterfully, that the FCCA can even pretend that there must be no need for pilot services. The Legislature knows better. It recognized that "the waters, harbors, and ports of the state are important resources" and found it "necessary in the interest of public health, safety, and welfare to provide laws regulating the piloting of vessels utilizing the navigable waters of the state in order that such resources, the environment, life, and property may be protected to the fullest extent possible." § 310.001, Fla. Stat. (2014). In fact, the Legislature deemed piloting "an essential service of such paramount importance that its continued existence must be secured by the state" rather than "left open to market forces." *Id.* § 310.0015(1). Because port pilots provide services "essential to the economy and the public welfare," the State enacted a system of regulations to ensure a supply of eminently qualified pilots. *Id.* § 310.0015(2); *see also In Re: Application of Port Everglades Pilots Ass'n for Rate Increase in*

Port Everglades, 1998 WL 866445, at *6 ("Thus the Board views its primary duty as being to set rates that will guarantee the continuation of services provided by pilots at the high degree of professionalism and quality.").

2. A determination of the average net income of pilots in the port, including the value of all benefits derived from service as a pilot.

Detailed information regarding average pilot net income is provide with our audited financial statements in Appendix A and summarized in Section 7 of this application.

3. Reasonable operating expenses of pilots.

Detailed information regarding the operating expenses of PEP are provided with our audited financial statements in Appendix A. Summary information is provided in Section 7 of this application.

4. Pilotage rates in other ports.

The prevailing rates of pilotage in other ports are shown in Section 8(a). The rate as proposed will redistribute some of the revenue from the tonnage charge to the draft charge and extend lower tonnage rates to larger vessels and frequent callers. The rate resulting from our request will continue to be among the lowest at any major port in the United States, and port users will continue to pay less for quality pilotage than at other major ports. In fact, the resulting rate will be half of the national average. The addition of surcharges spreads the costs of certain items evenly across all vessels, while special tonnage rates made available after a vessel's second call at Port Everglades, together with a reasonable increase in draft rates, will recalibrate rates in a manner that is fair and equitable.

Even if one were to disregard all of the evidence showing the hazardous nature of Port Everglades, and assume that less distance is the only factor to be considered, with the new rate, users of pilot services would still pay less than in most of the ports in the nation. The cruise ship companies will pay less for what they deem to be less and the pilots will still make less than the national average of pilot income. To pursue anything lower, as the FCCA does, is a clear sign of a targeted attack against the piloting profession in general and the Port Everglades Pilots in particular.

5. The amount of time each pilot spends on actual piloting duty and the amount of time spent on other essential support services.

The amount of time each pilot spends on actual piloting duty and on other essential support services is discussed in Section 8(b) of this application. The Port Everglades Pilots' time spent on pilotage duty is above the national average and the number of jobs per day is the highest of any major port in the United States.

6. The prevailing compensation available to individuals in other maritime services of comparable professional skill and standing as that sought in pilots.

The prevailing compensation of other maritime services that may be considered comparable to those provided by pilots is summarized in Section 8(c). Notably, some of our pilots, in addition to being licensed Master Mariners, hold advanced degrees, including MBAs, JDs, and MAs. Port Everglades competes directly with other ports around the United States for the same talent. Every pilot currently at Port Everglades was recruited from somewhere outside the State of Florida. Furthermore, all pilots were Masters prior to entering the training program. They relocated to take their positions and chose to be pilots at Port Everglades over many other opportunities. Since 2001, compensation relative to other ports has fallen, and so has interest in a career as a Port Everglades Pilot. As discussed in Section 11(7), we have had increasing difficulty attracting the highest scoring deputy pilot candidates in some previous examinations when those candidates have had the opportunity to choose between Port Everglades and other ports. To attract the best and brightest, it is crucial that we stem the declining level of income.

While the FCCA points to the salaries of cruise vessel captains as evidence of an appropriate compensation for port pilots, this is not a suitable comparable for numerous reasons. First, foreign crew of foreign-flagged vessels do not pay U.S. income taxes. Most European nations have tax codes that allow mariners to pay minimal or zero income tax if they spend more than six months a year outside of their home countries, greatly increasing their disposable income. Captains and crew take strategic "vacations" to make sure they do not exceed that six-month period in

their home countries. As a matter of fact, many have alternative residences in the United States, and South Florida in particular. Second, foreign-flagged captains are not the pool from which the State of Florida is attempting to attract pilots. They are ineligible. While a U.S. citizen can become a foreign-flagged captain, it is rare because of the significantly lower level of compensation compared to working in the U.S. merchant fleet.

The final reason a comparison cannot be made is that a pilot must have a wider range of technical skills to handle the different vessels that call on the port, with their different sizes and operational and handling characteristics. *See In Re: Application of Port Everglades Pilots Ass'n for Rate Increase in Port Everglades*, 1998 WL 866445, at *13 n.21 (concluding that pilots possess a "qualitatively different level of skills" from a ship master "as a result of the local pilots' specialized knowledge and standards for licensure"). A pilot must board and disembark vessels in good weather and bad, at day and at night, and thus assumes greater physical risks than a captain who navigates a vessel on the open seas. A pilot operates under constant stress, as the handling of a vessel in and around a port, where groundings and collisions are most likely to occur, is the riskiest part of the vessel's journey. *See ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 6 ("[T]he most dangerous part of any sea voyage for the ship and for the public at large is when the ship is moving into or out of port."). And, while a ship captain is a salaried employee, a pilot is a private businessperson who assumes the risks and rewards of a fluctuating market, including more extensive risks of civil and criminal liability, and makes large capital investments (a single pilot boat at a major port might cost $1.2 to $2 million, *see id.* ¶ 45). *See In Re: Application of Port Everglades Pilots Ass'n for Rate Increase in Port Everglades*, 1998 WL 866445, at *10 (noting that pilots are "independent business people" subject to "a capital risk that employees are not subject to"). Thus, a pilot can be held liable for negligence in the operation of a vessel, *see Bethlehem Steel Corp. v. Yates*, 438 F.2d 798 (5th Cir. 1971); *Tampa Port Auth. v. M/V Duchess*, 65 F. Supp. 2d 1279, 1291 (M.D. Fla. 1997), and is directly responsible to the State, which can take action against his or her license, *see Lerro v. Dep't of Prof'l Regulation*, 388 So. 2d 47 (Fla. 2d DCA 1980). The FCCA claims that it failed to uncover any recent instance of a pilot being held liable; this fact testifies to the skill with which pilots have handled vessels, and does not suggest that pilots cannot be subject to crushing liability upon the occurrence of a single negligent act. If this suggests anything, it is that the system is working. Judgment is being rendered and decisions are being made on the side of safety, rather than allowing undue influence by economic pressures.

7. The impact rate change may have in individual pilot compensation and whether such change will lead to a shortage of licensed state pilots, certificated deputy pilots, or qualified pilot applicants.

The State must continue to provide sufficient incentives to entice the best and brightest mariners—mariners with years of experience—to the piloting profession. The barriers to the profession are steep. Candidates are expected to abandon their existing employment; to study hundreds of hours for an examination that merely qualifies the chosen candidate to become a deputy pilot; to enter a 3-year training program that requires at least 3,250 transits; to take a rigorous final examination if the deputy completes the training program; and then, if successful, to enter into business as an independent contractor, with its array of risks, liabilities, and capital investments, and not only expose his or her own life and well-being to the physical dangers of pilotage, but to assume daily responsibility for the lives, property, and welfare of Florida's visitors and residents. Against these obstacles, and to attract the best and brightest mariners, the State must provide—as it has done for years—incentives that are real and compelling.

It is not easy to motivate the most desirable mariners to abandon their employments in order to *attempt* to become port pilots. A qualified mariner might have ten or twelve years of experience as a master or chief mate and might, in his or her current employment, have earned valuable pension benefits. On the other hand, not only is a new career uncertain—the candidate might never complete the training course or pass the final examination years later—but a pilot encounters various risks unique to the profession. First, a pilot is subject to constant physical dangers in embarking and disembarking from vessels in all weather conditions, at any time of day or night. *See In Re: Application of Port Everglades Pilots Ass'n for Rate Increase in Port Everglades*, 1998 WL 866445, at *5. In 2013, Captain Frank Knowles, a pilot in Panama City, fell from a ladder at night; the darkness prevented his rescue. And, as a contractor and self-employed business person, rather than a salaried employee, a pilot must make substantial capital investments and is uniquely exposed to civil liability. *See ACL Bahamas Ltd.*, Case No. 10-2335

¶ 61. Additionally, there is ever increasing criminal liability as our prosecutorial system has become relentless in its determination to administer punishment to anyone involved in a shipping transportation-related incident.

The State, moreover, must attract pilots with a unique combination of skills. Of course, a pilot must maneuver large vessels. But a pilot must also learn every facet of the port, including the changing variables affecting safe transit, such as weather patterns, tidal movements, and the speed and direction of currents. *Id.* ¶¶ 7, 10, 29. A pilot must adapt to a variety of ships and become familiar with each ship's equipment, mechanical condition, and performance characteristics. *Id.* ¶ 58 ("While background as a master or mate is useful, a pilot must possess superior close-quarter ship handling skills and the ability to handle a wide variety of vessels."). On foreign vessels, a pilot must coordinate with foreign crews that might speak little English. It is simple common sense that the best qualified mariners will expect to be well compensated for the trials and challenges that a career in piloting imposes.

At the same time, the pool of qualified mariners is small—a little over 2,000. *Id.* ¶ 62. Ports in Florida and across the country compete for the best talent. *Id.* The pool is small and shrinking, in part because of the decreasing size of the U.S. Merchant Marine over the past decade and a corresponding lack of seagoing positions available to gain the required experience as a result of the shift of U.S. vessels, such as the cruise lines, to flags of convenience to escape domestic taxes and regulations. Historically, an opening at a large port might have attracted 30 or more applicants. *Id.* ¶ 63. In recent years, the number has been much smaller. Twelve tested for two openings in Port Everglades. Eight candidates tested for three openings in Miami, and eleven sat for two openings at Jacksonville. *Id.* In 2014, only one candidate tested for an opening at in Panama City, and failed. Positions in Fernandina Beach and St. Andrews Bay have gone unfilled with no successful candidates out of the deputy examination. One pilot quit St. Andrews Bay to take a position at a higher paying port. These ports are among the lowest paid ports in the State and reveal an obvious relationship: to attract the best and brightest pilots, the compensation structure must be competitive.

The diminished supply of qualified candidates coincides with a need for additional pilots. Between now and 2020, eight pilots at Port Everglades will be eligible for retirement and will need to be replaced by deputy pilots. All of these pilots were taken on during the expansion of traffic between 1990 and 1996, when the PEP increased from eight to sixteen pilots. This replacement will occur when interest in the piloting profession in Florida is plummeting. The Port Everglades Pilots' attempts to attract minorities, who receive particular consideration in the appointment process by the Secretary of the Department of Business and Professional Regulation, has revealed that minority candidates have recently received superior opportunities and offers elsewhere. None has even gone so far as to take the deputy examination in Florida.

At the time of its last rate hearing, PEP noted to the BOPC that it was having difficulty attracting the highest scoring candidates to Port Everglades, and that one appointed deputy had quit the program in 1995. When prospective pilots had passed more than one examination, the candidates had chosen the other port over Port Everglades. In its final order in 2001, the BOPC indicated that it would continue to monitor these factors. (PEP Final Order – p.7.)

In 1996, 62 candidates were approved to take the examination to fill one opening at Port Everglades. PEP income was then at its peak. Fifteen candidates passed the examination, and the open positions were filled. That was the last time PEP had a successful female candidate enter its deputy training. Since then, twelve deputies have entered training at Port Everglades (one failed to complete the program). In 2012, the time of testing for our current active deputies, eighteen candidates were approved to sit for the examination—a 71% decline in interest. Only two candidates for two positions passed the examination and were qualified as deputy pilots. Their test scores (95.4 and 92.7) were lower than those of any successful candidate at Port Everglades during the past sixteen years:

Test Date	Announced Openings	Positions Filled	Approved Candidates	Number Testing	Passing Candidates
Mar-96	1	2	62	62	15
Mar-01	1	1	30	28	17
Mar-02	1	1	23	23	13
Mar-03	2	2	26	24	13
Mar-04	2	2	40	31	14
Mar-05	2	2	33	25	13
Mar-12	2	2	18	12	2
Mar-14	1	1	24	20	9

In 2014, an additional test was conducted to fill an open deputy position. While the number taking the examination increased, the interest and success rate were still well below historical standards. The candidate, a licensed Master, will begin training early next year.

These decreases have corresponded with a changed perception regarding compensation. Port Everglades once had a reputation for good compensation and, as a result, was one of the most desired pilotages in the United States. It attracted the best and brightest because it was perceived that its pilots were highly compensated in comparison with competing ports. Unlike many other ports, all pilots at Port Everglades hold the license of master mariner (captain of unlimited tonnage), and some hold master's degrees and law degrees. But recently, the perception has changed. Port Everglades is reputed to be among the lower-paying pilotages, despite handling some of the largest vessels in the world. This perception has affected the port's ability to attract the best candidates, and a 25% reduction in rates will further reduce the pool of qualified pilot candidates.

Nothing demonstrates this point more clearly than the ability to attract female pilot candidates. This is an area that the legislature has specifically written legislation designed to target these qualified individuals. In 1996, when compensation was high relative to ports around the United States, Captain Phipps entered the deputy training program in Port Everglades. At that time, she was one of nine female pilots in the country, and one of two in the State of Florida. Since then, pilot compensation nationwide has risen with inflation, and Florida compensation has lagged. Port Everglades has engaged in a robust mentoring program designed to attract women and minorities. Currently, there are more than 30 female pilots in the United States and still only two in Florida. Despite the appeal of living in South Florida, qualified female mariners chose ports outside of Florida where compensation has risen and the political environment, economic situation, and other conditions have been more stable.

The PEP has an active minority mentoring program. Over the past ten years, the PEP has provided scholarships, awards, and internships to twenty minority and female candidates pursuant to Sections 310.0015(3)(d), Florida Statutes. Much to our frustration and sincere disappointment, these robust efforts have failed to attract any minority candidates. In fact, none of those mentoring candidates has chosen to take the examination in Florida, though some have become pilots in other States. Furthermore, captains who have regularly called Port Everglades in the recent past have pursued careers as pilots, but have done so outside of the State of Florida. Of the captains we have spoken to that chose other ports, they all agreed that compensation level was a key consideration in their decision.

A report of the Florida Legislature's Office of Program Policy Analysis and Government Accountability confirms the perception that rates at Port Everglades are among the lowest in Florida. *See* Appx. F. The report found that Port Everglades' draft charge ($13.30) was well below the statewide average ($19.65), and was trailed only by Fort Pierce ($12.50) and Port Canaveral ($12.50). The tonnage rate at Port Everglades was the median rate, but below the mean ($0.0389). Tonnage rates at major ports—Jacksonville ($0.0464), Miami ($0.0364), and Tampa ($0.07)—all exceeded that of Port Everglades. And Port Everglades has a graduated rate that declines as tonnage increases. Thus, the rate that the report attributed to Port Everglades overstates the rates actually charged at Port Everglades.

According to the United States Maritime Administration ("MARAD"), in 2011 there were approximately 2,300 licensed Master Mariners in the United States. As in Section 8(c) of this application, the Master wage is $304,066 with funded retirement plans, full health benefits, and union-negotiated COLA increases. Compensation must be sufficient to pull these mariners from their positions. In 2012, only two of these Masters were sufficiently attracted to the opening in Port Everglades to study and pass the examination.

The FCCA overlooks these facts when it finds not a "shred of evidence" that a rate reduction would diminish the high quality of pilotage in Florida. Given the diminished interest in pilotage, this is not the time to peel away the incentives that have attracted the best mariners to Florida, and to thin an already thinning talent pool by slashing pilotage rates by an arbitrary 25%. The FCCA, for its part, presents not a "shred of evidence" that the State will be able to attract the best and brightest mariners even with an arbitrary 25% decrease in rates. In fact, the requested rate decrease is not only arbitrary, but it would return pilotage to the rates paid in 1982—thirty-two years ago. The FCCA asks the Committee to accept without evidence its assertion that such an arbitrary slashing of pilotage rates will have no effect whatsoever on the willingness of highly skilled mariners to abandon their chosen employments and instead embark on careers as port pilots. The Committee should reject that unproven and illogical hypothesis.

A significant percentage of pilot business at Port Everglades (11.5%) consists of U.S. vessels operating in the coastwise trade. If the master's license contains a USCG endorsement, the master could pilot the vessel into Port Everglades without a port pilot. Despite the option not to employ a Port Everglades Pilot, and due to the exemplary safety record and value of pilotage, the owners choose to pay for this service. These vessels are without exception charged the rates that this Committee sets. Federal law prevents pilots from charging more than the applicable state rate. A reduction in rates would therefore affect this commerce as well. Similarly, U.S. naval vessels regularly make liberty calls at Port Everglades and utilize the services of Port Everglades pilots even though federal law exempts them from the requirement.

Though the FCCA attacks the current rates at Port Everglades as arbitrary, it is the FCCA's requested 25%, across-the-board decrease for passenger vessels that is arbitrary. A rate is "arbitrary" if it is "not planned or chosen for a particular reason," or is "not based on reason or evidence." *See* http://www.m-w.com. The FCCA never explains how it arrived at its number—25%. The fact that the FCCA requested the same percentage decrease in Miami establishes the arbitrariness of the rate and demonstrates that the requested decrease is not tailored to the facts and circumstances of the port. The arbitrariness of the FCCA's request is underscored by the stated objective of its application to reduce rates at Port Miami (December 2013): to bring the rates at Port Miami in line with the rates at Port Everglades. And, while the FCCA claims that the present rates target their vessels by their gross tonnage, the FCCA seeks a 25% discount for their draft as well. Clearly, 25% was an arbitrary, randomly chosen number.

8. Projected changes in vessel traffic.

Through conversations with port staff, customers, and consultants, as well as an evaluation of currently scheduled traffic patterns, we project a 5.2% increase in revenue for calendar year 2014. Recently, a number of lines have either eliminated service or announced that they will discontinue service. Using the published cruise ship schedule and available cargo line information, we project a 6.8% decline in revenue for calendar year 2015. Based on the available information, we expect a further decline in revenue in excess of 2.0% for calendar year 2016.

The ACOE dredge project originally scheduled for 2007 has been postponed beyond 2021. Port berth expansion projects are not due to be completed until after 2018. At this time, there is no catalyst for revenue expansion in the foreseeable future.

Tanker traffic has declined for ten consecutive years, and this trend is expected to continue. Our bulk and freight ship traffic is tied directly to the construction industry and shows little sign of improvement. Scheduled passenger ship traffic is down approximately 2%. Multi-day cruise ships operating in the summer—the only time with berth

availability—will reduce from five ships to two. Active passenger terminals have reduced from 11 in 2003 to 8. The *Allure of the Seas* will not operate out of Port Everglades year round this year, reducing its calls by 44%. In 2016, the *Oasis of the Seas* will be replaced with a vessel that is 25% smaller. Members of the FCCA have indicated that the Caribbean market is weak and that vessels are being repositioned to China, causing erosion in revenue beyond our forecast. The *Bimini SuperFast* began operations three days a week in the middle of October and abruptly suspended service after just three weeks. This was the only newly announced service, and the opportunity for growth in the near term was effectively eliminated.

Container traffic—the one sector with an increase over the last decade—shows signs of weakness. Three companies (Sea Star, Dole and Chiquita) have indicated that their operations in Port Everglades will cease due to the new low-sulfur fuel regulations to be implemented on January 1, 2015. The Hapag-Lloyd Tuesday service has relocated to Kingston, Jamaica. Other companies have indicated that they are changing their services to other ports due to capacity constraints, berth limits, and crane limitations in the Southport container terminal. Currently, there is no room to expand container operations, and this will continue at least through 2018. The Caribbean economy remains weak, affecting operators in this region. With no new services projected by the Port, the most realistic expectation is that traffic at Port Everglades will decline further.

9. Cost of retirement and medical plans.

Specific cost information is provided with the audited financial statements in Appendix A. In general, medical costs remain a major component of the PEP's expenses. We purchase our medical plan from the Masters, Mates, and Pilots, which provides a plan similar to the plan of seagoing officers. This group plan, which covers our employees as well, is the only plan we were able to find that provided medical coverage while a pilot or boat captain is on duty. Since the last rate application, medical costs have risen 72.1%, well above the CPI, but at a slower rate than many medical plans. Over the period, deductibles have increased and the range of coverage has declined in an effort to control costs.

The pilots and their employees participate in a 401(k) plan funded from the earnings of the corporation. While employee salaries have increased over the years, officer salaries have remained constant since at least 1995. Funding is based on individual salaries, with contribution levels being reduced by 32%. In addition, the pilots have the previously discussed retirement agreement established in 1960. This plan was established prior to the availability of current tax-advantaged retirement plans and provides caps on overall retirement costs. These caps are currently in effect. The cost of this plan is up 12.4% since 2004, less than the CPI, and the number of covered retirees increased from seven to thirteen. Recently, two of these retirees passed away. From this point forward, retirement expense is projected to remain constant relative to gross pilotage, but individual retirement compensation will drop precipitously. By 2020, it is anticipated that there will be 19 or 20 living retirees. The retirement costs will be split among these retirees, resulting in dramatically lower retirement compensation.

The Florida Legislature intended to require consideration of the cost of retirement and medical plans as a factor in setting pilotage rates. It specifically referenced such costs in the statutory guidelines. § 310.315(5)(b)9., Fla. Stat. (2014). The FCCA's argument that the statutory reference to the cost of retirement and medical plans includes only "IRS-approved" plans ignores the statute's clear meaning. The Legislature might have limited the Committee's consideration to IRS-approved plans, but it did not.

10. Physical risks inherent in piloting.

Piloting is inherently risky. Pilots must board ships day and night, 365 days a year, in all weather conditions. Even on a flat, calm day, transferring from a small pilot boat to a rope ladder and climbing up the side of a ship or into a side port is a risky endeavor. The FCCA argues against this well-established fact. It compares the dangers of the pilot profession to numerous other professions, none of which is comparable to piloting. It includes data for other professions, but none for piloting (though it could easily have been obtained from any number of sources).

In fact, the FCCA scoffs at the notion that a substantial income is necessary to compensate pilots for the dangers of their work. It notes that police officers and firefighters encounter physical risks but receive less compensation, and that, in 2012, more florists died in their employments than pilots. But the risks of pilotage are well recognized:

> Pilots are transferred from their pilot boat out at sea onto and off of large moving vessels. Once the pilot boat maneuvers alongside the vessel, the pilot typically boards the ship by stepping from the pilot boat onto a ladder hanging from the ship's side. Unfortunately, pilots are frequently injured and sometimes killed in the course of this dangerous transfer, particularly in bad weather. One expert in the piloting profession testified that over the course of a 30-year career, a pilot has a one-in-20 chance of being killed in a boarding accident.

ACL Bahamas Ltd., Case No. 10-2335 ¶ 9.

In 2013, a port pilot in Panama City was killed during such a transfer to a ship. And between January 2006 and February 2007, five of the nation's 1,100 port pilots were killed in the course of their duties—four of them in transfer accidents. *See* CRUISE SHIP LAW BLOG, *Shaken by Deaths in Their Ranks, Pilots Scrutinize Their Practices and Equipment* (July 1, 2007), *available at* http://blog.lipcon.com/2007/07/shaken-by-deaths-in-their-rank.html. These transfer accidents have resulted in deaths on both cargo and passenger vessels. As one U.S. Coast Guard Marine Safety Unit recently warned, the potential for accidents associated with pilot transfers to vessels remains "a constant threat." *See* Appx. G. In addition, while pilots attempt to minimize risks, many pilots experience loss of hearing, impairment of night vision, skin cancers, or sleep disorders. Broken bones and crushed limbs are not uncommon during transfers, and slipping on wet and oily decks occurs regularly. Indeed, all pilots have experienced boarding incidents that have threatened their personal safety and long-term livelihood.

Ports such as Port Everglades with relatively short pilotages carry the highest risk. The FCCA agrees the most dangerous part of piloting is transferring from the pilot boat to the ship. A Port Everglades pilot can pilot six ships during his 12-hour watch on a single, busy day. If you consider that a pilot in Port Everglades could pilot 14,000 ships in a career (3,250 as a deputy and the remainder during 20 or 30 years as a full pilot), then it is clear the risks are far greater than at longer ports. In ports with longer transits, the number of ship boardings over a career might not even exceed the number of ships that a Port Everglades deputy is required to handle before becoming a pilot.

The FCCA's comparison of the number of fatalities among pilots, police officers, and firefighters is also misleading because the number of pilots is relatively small. While approximately 35,000 people are employed as law enforcement officers in Florida, only 97 people are active port pilots in this State, and 1,100 nationwide.

Finally, the income of a pilot does not merely compensate for risks to the pilots' own well-being: it purchases the specialized skill necessary to protect interests of vast public importance. Seldom do the lives of thousands of people, the care of property worth billions of dollars, the guardianship of the natural environment, and the welfare and economy of urban centers depend on the abilities of a florist. While firefighters risk life and limb, the error of a single firefighter will rarely cover Florida's coastline with oil, or imperil a $1-billion vessel, or destroy the United States' only coral reef. The uncommon abilities of a pilot, and the magnitude of the interests entrusted to them, have led all maritime States to ensure pilots a competent income. Indeed, the average income of a port pilot in the United States is $400,000. *ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 31. The FCCA would have the Committee believe that not only the Florida Legislature, but every State has pursued an irrational public policy.

The risks of piloting remain despite the advanced technologies aboard modern vessels. The FCCA argues that technology—such as advanced navigational and propulsion mechanisms—has eliminated the hazards of piloting, but nothing can be further from the truth. No technology can avert the consequences of human error or take the place of the skill and judgment of the pilot. Indeed, these technologies have caused many of the recent catastrophes that have befallen cruise ships. In 2007, a software glitch on the *Millennium* sent an errant signal to the port propulsion, and the ship went into reverse. The propellers crashed into a rock, and the company lost an estimated

$28.8 million. In 2008, the malfunction of a propulsion system caused the *Queen Victoria* to crash stern first into a pier on the island of Malta. In 2009, the *Oasis of the Seas* suffered a cascading loss of power to all three azipods during sea trials. In 2013, azipod and propulsion problems caused the *Carnival Legend* and *Carnival Elation* to cut cruises short, and the *Royal Princess* suffered a power loss at sea and was without propulsion for 3.5 hours. More recently, in April 2014, the *Carnival Ecstasy* suffered a power failure and loss of propulsion as it approached Port Canaveral.

In Florida, it should be obvious that technology cannot eliminate human error. In 2010, the Legislature gave serious consideration to proposals to expand off-shore oil drilling. Its advocates extolled the advanced technologies of modern rigs and insisted that those technologies mooted any fears of a spill. But in April 2010, an explosion on *Deepwater Horizon*—an oil rig in the Gulf of Mexico—killed eleven crewmen and ignited a massive fireball. The rig sank into the Gulf, and oil gushed onto the seafloor for three months in the largest oil spill in American history, causing billions of dollars in losses and unfathomable damage to the natural environment. Clearly, technology can be an aid, but it can neither obviate the need for human skill or expertise, nor cover the consequences of human error.

In addition, the technology to which the FCCA refers is neither new nor unique to cruise ships. The Electronic Chart Display and Information System ("ECDIS") is standard equipment on all ships. Depth sounders have been used for decades, and are required on all ships. And by the time a depth sounder indicates that the bottom is too shallow, it is too late. A large ship cannot stop in place. A pilot is intimately familiar with the water depth in every part of the harbor, however. Watching the depth sounder is no substitute for that knowledge or a safe means of navigation.

The piloting of large vessels, therefore, remains inherently dangerous. These dangers were underscored when the *Costa Concordia* capsized as a result of the master's error in January 2012. The state-of-the-art, 114,000-GT vessel, launched only six years earlier, capsized in waters that should have been reserved for a port pilot with intimate knowledge of the surroundings. The bridge team failed to alert the master to the danger and failed to understand basic ship-handling principles. The ship sailed too close to the coastline in a poorly lit area, at night and at a high speed. If the *Costa Concordia* had been piloted by a port pilot with an awareness of the rocks, 32 people would not have died.

At Port Everglades, the pilotage fee for the *Costa Concordia* would have been $4,366—nothing in comparison with the construction cost of the vessel ($570 million), its salvage cost ($1.2 billion), the estimated loss of revenue ($175 million), and untold costs associated with lawsuits, increased insurance premiums, and lost booking revenues for all cruise lines. All in all, the anticipated financial loss of the *Costa Concordia* disaster will clearly exceed $2 billion. Of course, no dollar figure can come close to estimating the cost of a single human life, let alone 32 lives.

Nor, sadly, is the *Costa Concordia* the only example that illustrates that the dangers associated with large vessels. With the expansion of cruise lines has come an increase in the number of young and inexperienced officers with inadequate shiphandling skills. In June 1995, the *Royal Majesty* grounded off Cape Cod, causing a loss of $7 million. In August 1999, the *Norwegian Dream* collided with a containership, crushing the bow of the vessel. In April 2005, the *Grandeur of the Seas* was involved in an allision with a dock in Mexico, sustaining a 40-foot gash. In February 2006, the *Crown Princess* turned sharply at a high rate of speed, causing the vessel to heel severely. In August 2006, the *Carnival Celebration* grounded while docking in Nassau, causing hydraulic fluid to spill into pristine waters. In October 2006, the *Enchantment of the Seas* collided with a barge at Grand Cayman Island after dragging its anchor 300 meters. In June 2008, the *Costa Classica* collided with the *MSC Poesia* near Dubrovnik. In May 2009, the *Zenith* grounded outside Copenhagen, and its master was charged with negligence. In September 2009, the *Carnival Legend*, attempting to get underway during a squall, was involved in an allision with the *Enchantment of the Seas* at Cozumel, Mexico. In January 2010, the *MSC Poesia* grounded at Port Lucaya, Grand Bahama Island, due to bridge-team failure and navigational errors, destroying a portion of the environmentally sensitive coral reef. In February 2010, the *Costa Europa* was involved in an allision with a pier in Egypt, and three

crewmembers drowned. On October 31, 2014 the *Bahamas Celebration*, operating under a pilot exemption and with only one working engine, got underway in a rain squall and ran aground and sank in nearby Freeport, Bahamas. The vessel is a total loss and only the shallow depth of water prevented a much greater tragedy.

The State of Florida cannot afford such errors in its ports. As the investigation committee noted in 1999, it is in the State's interest to attract the ablest pilots in the country, and nothing attracts them better than good compensation.

The FCCA seeks to minimize these dangers by noting that pilots need not ignore "justifiable concerns relating to safety." *See* § 310.0015(3)(a), Fla. Stat. (2014). But it is not true that pilots can refuse to work except under sunny skies. Rather, the State imposes on pilots an important responsibility to make the sound, independent, and prompt judgments necessary to protect the safety of passengers and the security of the port. The pilots must possess the self-command to withstand the contrary desires of the crew, which is often under pressure from the owner or operator to proceed without delay. *See ACL Bahamas Ltd.*, Case No. 10-2335 ¶ 7. The State empowers pilots—not masters beholden to ship owners—to exercise their judgment, and its policy seeks to attract pilots able to exercise that trust.

11. Special characteristics, dangers, an risks of the particular port.

While Port Everglades is home to the two largest cruise ships in the world (the *Allure* and *Oasis of the Seas*), its 450-foot channels are among the narrowest of the major ports of the United States. The port features an extremely high volume of recreational vessels that share the water with piloted vessels, as well as fishing activity. *See* Appx. H at 30. The sides and bottom of the channels are rocky, consisting of sheer and unforgiving limestone. *Id.* at 21, 30. Large vessels encounter strong crosswinds and currents, short stopping distances, and swirling currents in the inner channel and basin. *Id.* at 30. Cross currents in the entrance channel are strong and unpredictable, *id.*, and tend to run at right angles to the direction of the channel, *see* Appx. I. ¶ 351. These currents can approach five knots. *Id.* In the harbor, swirls cause random counter currents. During thunderstorms, winds are severe and shifting and often of gale strength. Appx. H at 30; Appx. I ¶ 347. The approach to the port passes over reefs and endangered corals. Appx. H at 27. Amid the heavy recreational traffic density, the rock walls and bottom, the narrow channels, and cruise ships of unmatched size, the port receives exceptionally large volumes of petroleum cargoes. *Id.* at 7, 24.

Notably, the PAWSA final report, published in 2001, ranked Port Everglades among the most hazardous ports in the United States. *See* Appx. E. Port Everglades had the highest risk level of *any* port with respect to three metrics: (i) the volume of fishing and pleasure craft using the port; (ii) traffic density, or the congestion and interaction between different vessel types; and (iii) the bottom type, or the extent to which the bottom, if a vessel runs aground, is forgiving. *Id.* at 22, 23, 30. Port Everglades received the second-highest risk level with respect to the strength of its currents, behind only Berwick Bay in Louisiana. *Id.* at 26. And since 2001, the risk has only increased, as the average ship size has increased substantially. In 2001, nobody would have imagined that the largest ships in the world—ships over four football fields in length—would call Port Everglades, with some of the most constricted channels in the country, their home port. To steer these massive ships between tight rock walls requires precision piloting, placing a greater premium than ever upon the skill of the pilots who daily perform this task uneventfully.

The dangers and special characteristics of the Port are further described in:

- Section 10 of this application;
- The PAWSA Final Report, *see* Appx. E;
- The PAWSA Workshop Report for Port Everglades, *see* Appx. H;
- *Coast Pilot 4: Atlantic Coast: Cape Henry to Key West* (46th ed. 2014), published by the National Ocean Service, National Oceanic and Atmospheric Administration, an excerpt of which is attached as Appendix I, and which is available in full at http://www.nauticalcharts.noaa.gov/nsd/coastpilot_w.php?book=4; and
- The PAWSA Draft Risk Mitigation Strategy Plan for Port Everglades, *see* Appx. J.

12. Any other factors the committee deems relevant in determining a just and reasonable rate.

Consumer Price Index

The Committee may take into consideration, together with other factors, "the consumer price index or any other comparable economic indicator when fixing rates of pilotage." § 310.151(5)(c), Fla. Stat. (2014). The following data are relevant to the Committee's consideration of the CPI:

CPI (all urban consumers) from the time of filing last application (December 2000): ..... +36.70%
CPI from the time of implementation of last stage of rate change (June 2003): ..... +29.48%
Miami metropolitan area CPI from December 2000: ..... +43.43%
Miami metropolitan area CPI from June 2003: ..... +35.52%
Port Everglades tariff rates, cargo, from 2003 to 2013: ..... +33.76%
Port Everglades tariff rates, passenger, from 2000 to 2013: ..... +37.70%
Port Everglades passenger revenue from 2004 to 2013: ..... +49.23%
Port Everglades revenue per passenger from 2004 to 2013: ..... +129.89%
Port Everglades tugboat rates from 2007 to 2014: ..... +170.00%
Port Everglades Pilots' rates from June 2003 to December 2014: ..... Unchanged
Port Everglades Pilots' total revenue from 2004 to 2013: ..... (–8.91%)
Port Everglades Pilots' passenger ship revenue from 2004 to 2013: ..... (–19.89%)
Port Everglades Pilots revenue per passenger from 2004 to 2013: ..... (–9.32%)

See Appx. K (CPI tables); Appx. L (excerpt from 2013 Annual Report for Port Everglades).

These facts speak for themselves. There has been no "organic increase" in revenue since the last rate change in 2003, as the FCCA asserts. Total revenue, passenger revenue, and revenue per passenger have all decreased significantly. Pilot rates in Port Everglades have not kept pace with inflation, nationally or locally. The revenue and tariff rates for the port overall and passenger ships are up significantly. Local tugboat rates are up as well. With its rate-decrease application, the FCCA is attempting to pass its port costs on to the pilots and other port users.

Conclusion

The Legislature's direction to this Committee is to "give primary consideration to the public interest in promoting and maintaining effective, reliable, and safe piloting services"—not to defer to the uncorroborated statements of the cruise industry. The FCCA has not established that pilotage rates can safely be reduced without any consequences to the "effective, reliable, and safe piloting services" that the public expects.

The FCCA has not even established that pilotage rates are a financial burden to the cruise lines. In a letter dated September 26, 2014, counsel to the PEP requested that the FCCA provide documentation reflecting the financial condition and operating expenses of its members, including financial statements, profit-and-loss statements, balance sheets, statements of operating expenses, and annual financial reports. *See* Appx. M. The PEP requested data reflecting the pricing methodology of each member cruise line, and how pilotage fees are factored into passenger pricing. The FCCA, which made a parade of Port Miami's refusal to disclose financial information, never responded. The Committee would be well served by disclosure of information that reveals the burden that pilotage fees impose on cruise lines. The FCCA can hardly claim that rates are excessive and unreasonable unless it can establish the amounts paid in relation to its members' revenues and the effect, if any, upon passenger prices.

The requested rate will help us maintain the unsurpassed level of efficiency and safety in pilotage service that Port Everglades has traditionally provided. It meets the statutory requirement to promote a safe and efficient piloting service while providing fair, just, and reasonable rates of pilotage for all port users, and it treats all vessels fairly and does not give special preference to one class of vessels or one industry group. We will be better able to attract and

retain experienced, licensed state pilots and certificated deputy pilots. We will continue to provide a work schedule that permits adequately rested and highly trained pilots to report to vessels promptly, year round, 24 hours per day.

PART C AFFIDAVIT OF APPLICANT (This section must be sworn to in the presence of a Notary Public or an officer authorized to administer oaths)

I hereby certify that I have read the foregoing statements including all attachments and exhibits, and that they are true and correct to the best of my knowledge and belief.

Signature of Applicant Michael J Cummings

COUNTY OF: Broward

STATE OF: Florida

SUBSCRIBED AND SWORN TO BEFORE ME THIS 21 DAY OF November 2014

LAURIE J. BODINE
MY COMMISSION # EE 870000
EXPIRES: January 30, 2017
Bonded Thru Notary Public Underwriters

SEAL

SIGNATURE OF PERSON ADMINISTERING OATH

MY COMMISSION EXPIRES

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Appendix B .....Forecasted Combined Financial Statements

Appendix C .....Pilot Rate Comparison

Appendix D .....Harbor Safety Agreement, Berth Draft Restrictions, Letters of Guidance, Limitation, and Restriction

Appendix E .....PAWSA Final Report

Appendix F .....OPPAGA Report No. 10-21

Appendix G .....Marine Safety Information Bulletin

Appendix H .....PAWSA Workshop Report

Appendix I .....Coast Pilot 4

Appendix J .....PAWSA Risk Mitigation Strategy Plan (Draft)

Appendix K .....Consumer Price Index Tables

Appendix L .....2013 Annual Report for Port Everglades

Appendix M .....Letter from George N. Meros, Jr., to Thomas F. Panza

Appendix A

P.E.P., INC. AND
PORT EVERGLADES PILOTS' ASSOCIATION

COMBINED FINANCIAL STATEMENTS

December 31, 2013 and 2012

P.E.P., INC. AND
PORT EVERGLADES PILOTS' ASSOCIATION

COMBINED FINANCIAL STATEMENTS

December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Partners
P.E.P., Inc. and Port Everglades Pilots' Association
Fort Lauderdale, Florida

We have audited the accompanying combined financial statements of P.E.P., Inc. (a Florida Chapter S corporation) and Port Everglades Pilots' Association (a Florida partnership), (together the "Company") which comprise the combined balance sheets as of December 31, 2013 and 2012, and the related combined statements of income, changes in stockholders' and partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CPA's + Trusted Advisors

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Combining Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining financial statements on pages 12 through 15 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, and results of operations of the individual companies, and they are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 7, 2014

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINED BALANCE SHEETS
December 31, 2013 and 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	$ 74,743	$ 51,246
Accounts receivable	1,509,028	1,531,656
Prepaid expenses	15,250	13,216
Current portion of loans receivable	-	2,154
Total current assets	1,599,021	1,598,272
PROPERTY AND EQUIPMENT, net	225,822	302,474
Total assets	$ 1,824,843	$ 1,900,746

LIABILITIES AND STOCKHOLDERS' AND PARTNERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 398,293	$ 385,678
Accrued expenses	25,553	31,459
Current portion of debt	34,400	32,404
Total current liabilities	458,246	449,541
LONG-TERM LIABILITIES:		
Debt, less current portion	152,730	187,323
Deposits	725	725
Total long-term liabilities	153,455	188,048
Total liabilities	611,701	637,589
STOCKHOLDERS' AND PARTNERS' EQUITY:		
Capital stock, 5,500 shares of $ 1 par value common stock authorized, 3,150 shares issued and outstanding	3,150	3,150
Additional paid-in capital	183,504	183,504
Treasury stock	(283,439)	(283,439)
Retained earnings and partners' capital	1,309,927	1,359,942
Total stockholders' and partners' equity	1,213,142	1,263,157
Total liabilities and stockholders' and partners' equity	$ 1,824,843	$ 1,900,746

The accompanying notes to combined financial statements are an integral part of these statements.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINED STATEMENTS OF INCOME
For the Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUE:		
Service revenue	$ 10,935,160	$ 10,953,151
Total operating revenue	10,935,160	10,953,151
OPERATING EXPENSES:		
Payments to retired pilots	2,173,804	2,107,540
Salaries	1,490,972	1,393,449
Insurance expense	897,807	826,911
Repairs and maintenance	196,389	93,479
Fuel	180,960	155,433
Pension plan expense	174,377	231,910
Professional fees	147,522	132,267
Florida state association dues	164,021	169,981
Licenses and taxes	147,644	141,864
State Board of Pilots - dues	79,570	76,672
Provision for depreciation	77,706	79,096
Office expense	26,425	24,500
Telephone	24,849	23,258
Business development	19,067	35,813
Continuing Education	16,800	34,279
Boat supplies	15,422	9,865
Contributions	15,300	5,430
Utilities	14,458	12,758
Dues and subscriptions	12,301	10,500
Interest expense	12,101	26,589
Travel	4,731	12,113
Political contributions	2,800	12,000
Drug testing	1,975	3,083
Vehicle expense	584	758
Total operating expenses	5,897,585	5,619,548
Net operating income	5,037,575	5,333,603
OTHER INCOME:		
Rent income	8,490	8,490
Interest income	1,514	2,352
Other income	-	695
Total other income	10,004	11,537
Net income	$ 5,047,579	$ 5,345,140

The accompanying notes to combined financial statements are an integral part of these statements.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' AND PARTNERS' EQUITY
For the Years Ended December 31, 2013 and 2012

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings and Partners' Capital	Total
STOCKHOLDERS' AND PARTNERS EQUITY January 1, 2012	$ 3,150	$ 183,504	$ (283,439)	$ 1,207,131	$ 1,110,346
Net income	-	-	-	5,345,140	5,345,140
Distributions to partners and stockholders	-	-	-	(5,192,329)	(5,192,329)
STOCKHOLDERS' AND PARTNERS EQUITY December 31, 2012	3,150	183,504	(283,439)	1,359,942	1,263,157
Net income	-	-	-	5,047,579	5,047,579
Distributions to partners and stockholders	-	-	-	(5,097,594)	(5,097,594)
STOCKHOLDERS' AND PARTNERS EQUITY December 31, 2013	$ 3,150	$ 183,504	$ (283,439)	$ 1,309,927	$ 1,213,142

The accompanying notes to combined financial statements are an integral part of these statements.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,047,579	$ 5,345,140
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation	77,706	79,096
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	22,628	(110,396)
(Increase) decrease in prepaid expenses	(2,034)	550
(Increase) decrease in loans receivable	2,154	119,841
Increase (decrease) in accounts payable	12,615	19,887
Increase (decrease) in accrued expenses	(5,906)	6,432
Net cash provided by operating activities	5,154,742	5,460,550
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property and equipment	(1,054)	(1,162)
Net cash used in investing activities	(1,054)	(1,162)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(32,597)	(285,347)
Distributions to partners and stockholders	(5,097,594)	(5,192,329)
Net cash used in financing activities	(5,130,191)	(5,477,676)
Net increase (decrease) in cash and cash equivalents	23,497	(18,288)
CASH AND CASH EQUIVALENTS, January 1	51,246	69,534
CASH AND CASH EQUIVALENTS, December 31	$ 74,743	$ 51,246

The accompanying notes to combined financial statements are an integral part of these statements.

NOTE 1 - ORGANIZATION AND OPERATIONS

P.E.P., Inc. (the "Corporation") and Port Everglades Pilots' Association (the "Partnership") (together the "Company") pilots ships and vessels into and out of Port Everglades, Florida (the "Port"). The Company is regulated by the Florida Department of Professional Regulation ("DPR"). The DPR's Pilotage Rate Review Board regulates the fee setting policy used by the Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Company is presented to assist in understanding the Company's combined financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the combined financial statements.

Principles of combination:

The accompanying combined financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Department of Professional Regulation of the State of Florida (the "Department") pursuant to Florida Statutes Section 310, Pilots, Piloting and Pilotage in effect at December 31, 2013. The combined financial statements include the accounts of the Partnership and the Corporation. The Pilots of the Partnership own shares in the Corporation. All significant intercompany accounts and transactions have been eliminated in combination.

Recognition of income:

Revenue from services is recognized when the service is provided to the customer.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains cash balances at one financial institution which occasionally exceeds Federally insured amounts.

Direct write-off method used to record bad debts:

The Company has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Provision for depreciation:

Property and equipment are stated at cost. Depreciation of property and equipment is provided using straight-line methods over the following estimated useful lives:

Boats and docks	5 years
Radio equipment	5 years
Building and improvements	7-25 years
Office furniture and equipment	5-7 years
Software	5 years

NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Expenditures for major renewals and betterments that extend the useful lives of the asset are capitalized. The cost of maintenance and repairs is charged to operating expense as incurred.

Provision for income taxes:

The Partnership does not pay or incur income taxes. The individual partners report their proportionate share of Partnership earnings and losses on their individual tax returns.

The Corporation has elected, with the consent of its stockholders, to be taxed as an S Corporation. The election provides that in lieu of corporate income taxes, the stockholders are levied income taxes on their proportionate share of the corporation's taxable income.

Accordingly, these combined financial statements do not reflect a provision or a liability for Federal or state income taxes.

Use of estimates:

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Amortization:

Amortization of loan costs is computed using the straight-line method over the shorter of the remaining term of the loan or one year.

Date of management's review:

Subsequent events have been evaluated through November 7, 2014, which is the date the financial statements were issued.

NOTE 3 - RELATED PARTY TRANSACTIONS

At December 31, 2013 there was no loans receivable. In 2012, loans receivable consisted of $ 2,154, due from certain stockholders of the Corporation. The Corporation holds a security interest in each of their shares of common stock. The loans bared an interest rate of 5.25% and required aggregate monthly payments of principal and interest of $ 10,695. The loans were receivable through January 2013. During the years ended December 31, 2013 and 2012, the Corporation received interest income on these loans totaling $ 1,411 and $ 2,253, respectively.

The Corporation has a note payable to a stockholder of the Corporation (Note 5). Interest expense incurred by the Corporation related to this note was $ 12,101 and $ 22,102 for the years ended December 31, 2013 and 2012, respectively.

The Partnership derives substantially all of its revenues from services rendered by the partners who are pilots licensed by the Florida DPR.

NOTE 3 - RELATED PARTY TRANSACTIONS (continued)

The Partnership engaged the Corporation to provide equipment and services necessary to carry out the business activity. All the service revenue derived by the Corporation is from the Partnership under a thirty year contract that expires in 2026. The contract sets forth the fees charged by the Corporation and the related annual increases based on a percentage of the increase in the Consumer Price Index.

NOTE 4 - CONCENTRATIONS

The Company provides services to customers who are users of pilotage services at the Port. The Company grants credit to these customers, substantially all of which are business establishments, based on established credit terms and policies. At December 31, 2013 and 2012, the Company had extended credit to these customers for approximately $ 1,677,000 and $ 1,700,000, respectively. These amounts are reflected as accounts receivable in the combined balance sheets and at December 31, 2013 and 2012 five customers represented approximately 62% and 60% of total accounts receivable, respectively.

NOTE 5 – DEBT

Debt is summarized as follows:

	2013	2012
Note payable to a former shareholder in monthly installments of $ 3,275, including interest at 6.0% until October 2018 (Note 3).	187,130	219,727
	187,130	219,727
Less current portion	34,400	32,404
	$ 152,730	$ 187,323

Future debt principal payments in the aggregate are approximately as follows:

Year Ending December 31,	
2014	$ 34,000
2015	$ 37,000
2016	$ 39,000
2017	$ 41,000
2018	$ 36,000
Thereafter	NONE

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2013	2012
Boats and docks	$ 1,559,975	$ 1,559,975
Radio equipment	96,548	96,548
Building and improvements	71,558	71,558
Office furniture and equipment	39,467	38,413
Software	9,590	9,590
	1,777,138	1,776,084
Less accumulated depreciation	1,594,040	1,516,334
	183,098	259,750
Land	42,724	42,724
	$ 225,822	$ 302,474

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Corporation has a pension plan covering all employees. The Corporation's funding policy is to make annual contributions to the plan equal to a percentage of the participants' annual compensation. The contributions for the years ended December 31, 2013 and 2012 were $ 174,377 and $ 231,910, respectively.

NOTE 8 - PAYMENTS TO RETIRED PILOTS

There is no provision for a funded pension for inactive pilots. However, a formal arrangement exists providing for compensation to pilots when they retire from active service. The amount of compensation is determined by a formula involving a percentage of gross service revenue collected. For the years ended December 31, 2013 and 2012 payments to retired pilots were $ 2,173,804 and $ 2,107,540, respectively.

NOTE 9 - STATUTORY REQUIREMENTS - COMPENSATION AND BENEFITS OF ACTIVE PILOTS

Florida Statute (Section 310.151(5)(b)(2)) requires a determination of the average net income of pilots in the Port. The Partnership makes distributions to it partners, the pilots, for pilotage services. The Corporation and the Partnership do not employ any full-time professional administrative or technical employees. These responsibilities are assigned to the individual pilots and represent work requirements over and above normal piloting function. The Corporation pays each pilot a salary for performing these assigned additional duties, and in addition pays the related benefits (health insurance and retirement plan contributions).

NOTE 9 - STATUTORY REQUIREMENTS - COMPENSATION AND BENEFITS OF ACTIVE PILOTS (continued)

The following table summarizes the average total compensation per active pilot for the fiscal years ended December 31:

	2013	2012
Administrative and technical salaries paid to pilots	$ 850,318	$ 852,445
Net operating income	5,037,575	5,333,603
Total compensation to pilots	$ 5,887,893	$ 6,186,048
Number of licensed active pilots	17	18
Average total salaries, fees and distributions per active pilot	$ 346,347	$ 343,669

NOTE 10 - SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Cash Flow Information:

	2013	2012
Cash received during the year for - Interest income	$ 1,413	$ 2,352
Cash paid during the year for - Interest expense	$ 12,101	$ 26,589

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINING BALANCE SHEETS
December 31, 2013

	P.E.P., Inc.	Port Everglades Pilots' Association	Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 10,857	$ 63,886	$ -	$ 74,743
Accounts receivable	74	1,676,871	(167,917)	1,509,028
Prepaid expenses	13,173	2,077	-	15,250
Total current assets	24,104	1,742,834	(167,917)	1,599,021
PROPERTY AND EQUIPMENT, NET	225,822	-	-	225,822
Total assets	$ 249,926	$ 1,742,834	$ (167,917)	$ 1,824,843
CURRENT LIABILITIES:				
Accounts payable	$ 200,948	$ 365,262	$ (167,917)	$ 398,293
Accrued expenses	25,553	-	-	25,553
Current portion of debt	34,400	-	-	34,400
Total current liabilities	260,901	365,262	(167,917)	458,246
LONG-TERM LIABILITIES:				
Debt, less current portion	152,730	-	-	152,730
Deposits	725	-	-	725
Total long-term liabilities	153,455	-	-	153,455
Total liabilities	414,356	365,262	(167,917)	611,701
STOCKHOLDERS' AND PARTNERS' EQUITY (DEFICIT):				
Capital stock, 5,500 shares of $ 1 par value common stock authorized, 3,150 shares issued and outstanding	3,150	-	-	3,150
Additional paid-in capital	183,504	-	-	183,504
Treasury stock	(283,439)	-	-	(283,439)
Retained earnings and partners' capital	(67,645)	1,377,572	-	1,309,927
Total stockholders' and partners' equity (deficit)	(164,430)	1,377,572	-	1,213,142
Total liabilities and stockholders' and partners' equity	$ 249,926	$ 1,742,834	$ (167,917)	$ 1,824,843

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINING BALANCE SHEETS
December 31, 2012

	P.E.P., Inc.	Port Everglades Pilots' Association	Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 35,651	$ 15,595	$ -	$ 51,246
Accounts receivable	91	1,699,482	(167,917)	1,531,656
Prepaid expenses	11,144	2,072	-	13,216
Current portion of loans receivable	2,154	-	-	2,154
Total current assets	49,040	1,717,149	(167,917)	1,598,272
PROPERTY AND EQUIPMENT, NET	302,474	-	-	302,474
Total assets	$ 351,514	$ 1,717,149	$ (167,917)	$ 1,900,746
CURRENT LIABILITIES:				
Accounts payable	$ 190,030	$ 363,565	$ (167,917)	$ 385,678
Accrued expenses	31,459	-	-	31,459
Current portion of debt	32,404	-	-	32,404
Total current liabilities	253,893	363,565	(167,917)	449,541
LONG-TERM LIABILITIES:				
Debt, less current portion	187,323	-	-	187,323
Deposits	725	-	-	725
Total long-term liabilities	188,048	-	-	188,048
Total liabilities	441,941	363,565	(167,917)	637,589
STOCKHOLDERS' AND PARTNERS' EQUITY (DEFICIT):				
Capital stock, 5,500 shares of $ 1 par value common stock authorized, 3,150 shares issued and outstanding	3,150	-	-	3,150
Additional paid-in capital	183,504	-	-	183,504
Treasury stock	(283,439)	-	-	(283,439)
Retained earnings and partners' capital	6,358	1,353,584	-	1,359,942
Total stockholders' and partners' equity (deficit)	(90,427)	1,353,584	-	1,263,157
Total liabilities and stockholders' and partners' equity	$ 351,514	$ 1,717,149	$ (167,917)	$ 1,900,746

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINING STATEMENTS OF INCOME
For the Year Ended December 31, 2013

	P.E.P., Inc.	Port Everglades Pilots' Association	Eliminations	Total
OPERATING REVENUE:				
Service revenue	$ 2,979,144	$ 10,935,160	$ (2,979,144)	$ 10,935,160
Total operating revenue	2,979,144	10,935,160	(2,979,144)	10,935,160
OPERATING EXPENSES:				
Payments to retired pilots	-	2,173,804	-	2,173,804
Salaries	1,352,840	138,132	-	1,490,972
Insurance expense	809,354	88,453	-	897,807
Repairs and maintenance	196,389	-	-	196,389
Fuel	180,960	-	-	180,960
Pension plan expense	174,377	-	-	174,377
Professional fees	32,539	114,983	-	147,522
Florida state association dues	-	164,021	-	164,021
Licenses and taxes	135,089	12,555	-	147,644
State Board of Pilots - dues	-	79,570	-	79,570
Provision for depreciation	77,706	-	-	77,706
Office expense	25,663	762	-	26,425
Telephone	24,849	-	-	24,849
Business development	434	18,633	-	19,067
Continuing Education	-	16,800	-	16,800
Boat supplies	15,422	-	-	15,422
Contributions	-	15,300	-	15,300
Utilities	14,458	-	-	14,458
Dues and subscriptions	10,042	2,259	-	12,301
Interest expense	12,101	-	-	12,101
Travel	139	4,592	-	4,731
Political contributions	-	2,800	-	2,800
Drug testing	-	1,975	-	1,975
Vehicle expense	584	-	-	584
Service contract expense	-	2,979,144	(2,979,144)	-
Total operating expenses	3,062,946	5,813,783	(2,979,144)	5,897,585
Net operating income (loss)	(83,802)	5,121,377	-	5,037,575
OTHER INCOME:				
Rent income	8,490	-	-	8,490
Interest income	1,413	101	-	1,514
Total other income	9,903	101	-	10,004
Net income (loss)	$ (73,899)	$ 5,121,478	$ -	$ 5,047,579

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
COMBINING STATEMENTS OF INCOME
For the Year Ended December 31, 2012

	P.E.P., Inc.	Port Everglades Pilots' Association	Eliminations	Total
OPERATING REVENUE:				
Service revenue	$ 2,896,839	$ 10,953,151	$ (2,896,839)	$ 10,953,151
Total operating revenue	2,896,839	10,953,151	(2,896,839)	10,953,151
OPERATING EXPENSES:				
Payments to retired pilots	-	2,107,540	-	2,107,540
Salaries	1,366,690	26,759	-	1,393,449
Insurance expense	780,092	46,819	-	826,911
Pension plan expense	231,910	-	-	231,910
Florida state association dues	-	169,981	-	169,981
Professional fees	33,471	98,796	-	132,267
Fuel	155,433	-	-	155,433
Licenses and taxes	138,269	3,595	-	141,864
Repairs and maintenance	93,479	-	-	93,479
Provision for depreciation	79,096	-	-	79,096
State Board of Pilots - dues	-	76,672	-	76,672
Business development	34	35,779	-	35,813
Continuing Education	-	34,279	-	34,279
Interest expense	26,589	-	-	26,589
Office expense	23,218	1,282	-	24,500
Telephone	23,258	-	-	23,258
Utilities	12,758	-	-	12,758
Travel	-	12,113	-	12,113
Political contributions	-	12,000	-	12,000
Dues and subscriptions	9,600	900	-	10,500
Boat supplies	9,865	-	-	9,865
Contributions	-	5,430	-	5,430
Drug testing	-	3,083	-	3,083
Vehicle expense	758	-	-	758
Service contract expense	-	2,896,839	(2,896,839)	-
Total operating expenses	2,984,520	5,531,867	(2,896,839)	5,619,548
Net operating income (loss)	(87,681)	5,421,284	-	5,333,603
Rent income	8,490	-	-	8,490
Interest income	2,253	99	-	2,352
Other income	695	-	-	695
Total other income	11,438	99	-	11,537
Net income (loss)	$ (76,243)	$ 5,421,383	$ -	$ 5,345,140

Appendix B

P.E.P., INC. AND
PORT EVERGLADES PILOTS' ASSOCIATION

FORECASTED COMBINED FINANCIAL STATEMENTS
(COMPILED)

December 31, 2014 and 2015

P.E.P., INC. AND
PORT EVERGLADES PILOTS' ASSOCIATION

FORECASTED COMBINED FINANCIAL STATEMENTS
(COMPILED)

December 31, 2014 and 2015

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ACCOUNTANT'S COMPILATION REPORT

To the Stockholders and Partners
P.E.P, Inc. and Port Everglades Forecast Pilots' Association
Fort Lauderdale, Florida

We have compiled the accompanying forecasted combined balance sheets, statements of income, changes in stockholders' and partners' equity, and cash flows of P.E.P, Inc. and Port Everglades Forecast Pilots' Association as of December 31, 2014 and 2015, and for the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 18, 2014

CPA's + Trusted Advisors

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
FORECASTED COMBINING BALANCE SHEETS
(COMPILED)
December 31, 2014 and 2015

ASSETS

	2014	2015
CURRENT ASSETS:		
Cash and cash equivalents	$ 66,748	$ 70,136
Accounts receivable	1,436,567	1,412,149
Prepaid expenses	20,015	21,416
Total current assets	1,523,330	1,503,701
PROPERTY AND EQUIPMENT, NET	148,193	79,023
Total assets	$ 1,671,523	$ 1,582,724

LIABILITIES AND STOCKHOLDERS' AND PARTNERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 407,968	$ 408,984
Accrued expenses	19,343	19,826
Current portion of debt	36,524	38,777
Total current liabilities	463,835	467,587
LONG-TERM LIABILITIES:		
Debt, less current portion	116,260	77,483
Deposits	725	725
Total long-term liabilities	116,985	78,208
Total liabilities	580,820	545,795
STOCKHOLDERS' AND PARTNERS' EQUITY:		
Capital stock, 5,500 shares of $ 1 par value common stock authorized, 3,150 shares issued and outstanding	3,150	3,150
Additional paid-in capital	183,504	183,504
Treasury stock	(283,439)	(283,439)
Retained earnings and partners' capital	1,187,488	1,133,714
Total stockholders' and partners' equity	1,090,703	1,036,929
Total liabilities and stockholders' and partners' equity	$ 1,671,523	$ 1,582,724

See summary of significant accounting policies and assumptions and accountant's report.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
FORECASTED COMBINED STATEMENTS OF INCOME
For the Years Ending December 31, 2014 and 2015

	2014	2015
OPERATING REVENUE:		
Service revenue	$ 11,492,537	$ 11,297,190
Total operating revenue	11,492,537	11,297,190
OPERATING EXPENSES:		
Payments to retired pilots	2,298,507	2,260,919
Salaries	1,365,403	1,399,498
Insurance expense	960,700	1,027,949
Professional fees	296,000	348,800
Pension plan expense	232,119	237,915
Florida state association dues	229,851	226,092
Fuel	189,000	193,725
Deputy salaries	184,093	140,400
Licenses and taxes	151,335	155,118
Repairs and maintenance	137,000	140,425
State Board of Pilots - dues	80,448	79,132
Provision for depreciation	77,629	69,170
Continuing education	40,600	48,600
Office expense	26,000	26,650
Telephone	24,000	24,600
Business development	19,000	19,475
Boat supplies	13,000	13,325
Utilities	12,500	12,813
Interest expense	10,295	8,174
Dues and subscriptions	9,800	10,045
Contributions	8,500	8,713
Travel	7,800	7,995
Vehicle expense	750	769
Drug testing	650	666
Total operating expenses	6,374,980	6,460,968
Net operating income	5,117,557	4,836,222
OTHER INCOME:		
Rent income	8,490	8,490
Interest income	1,514	1,514
Total other income	10,004	10,004
Net income	$ 5,127,561	$ 4,846,226

See summary of significant accounting policies and assumptions and accountant's report.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
FORECASTED COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' AND PARTNERS' EQUITY
(COMPILED)
For the Years Ending December 31, 2014 and 2015

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings and Partners' Capital	Total
STOCKHOLDERS' AND PARTNERS' EQUITY January 1, 2014	$ 3,150	$ 183,504	$ (283,439)	$ 1,309,927	$ 1,213,142
Net income	-	-	-	5,127,561	5,127,561
Distributions to partners and stockholders	-	-	-	(5,250,000)	(5,250,000)
STOCKHOLDERS' AND PARTNERS' EQUITY December 31, 2014	3,150	183,504	(283,439)	1,187,488	1,090,703
Net income	-	-	-	4,846,226	4,846,226
Distributions to partners and stockholders	-	-	-	(4,900,000)	(4,900,000)
STOCKHOLDERS' AND PARTNERS' EQUITY December 31, 2015	$ 3,150	$ 183,504	$ (283,439)	$ 1,133,714	$ 1,036,929

See summary of significant accounting policies and assumptions and accountant's report.

P.E.P., INC. AND PORT EVERGLADES PILOTS' ASSOCIATION
FORECASTED COMBINED STATEMENTS OF CASH FLOWS
For the Years Ending December 31, 2014 and 2015

	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,127,561	$ 4,846,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation	77,629	69,170
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	72,461	24,418
(Increase) decrease in prepaid expenses	(4,765)	(1,401)
Increase (decrease) in accounts payable	9,675	1,016
Increase (decrease) in accrued expenses	(6,210)	483
Net cash provided by operating activities	5,276,351	4,939,912
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(34,346)	(36,524)
Distributions to partners and stockholders	(5,250,000)	(4,900,000)
Net cash used in financing activities	(5,284,346)	(4,936,524)
Net increase (decrease) in cash and cash equivalents	(7,995)	3,388
CASH AND CASH EQUIVALENTS, January 1	74,743	66,748
CASH AND CASH EQUIVALENTS, December 31	$ 66,748	$ 70,136

See summary of significant accounting policies and assumptions and accountant's report.

NOTE 1 - ORGANIZATION AND OPERATIONS

P.E.P., Inc. (the "Corporation") and Port Everglades Pilots' Association (the "Partnership") (together the "Company") pilots ships and vessels into and out of Port Everglades, Florida (the "Port"). The Company is regulated by the Florida Department of Professional Regulation ("DPR"). The DPR's Pilotage Rate Review Board regulates the fee setting policy used by the Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

The summary of significant accounting policies and assumptions of the Company is presented to assist in understanding the Company's forecasted combined financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the forecasted combined financial statements.

Principles of combination:

The accompanying forecasted combined financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Department of Professional Regulation of the State of Florida (the "Department") pursuant to Florida Statutes Section 310, Pilots, Piloting and Pilotage currently in effect. The forecasted combined financial statements include the accounts of the Partnership and the Corporation. The Pilots of the Partnership own shares in the Corporation. All significant intercompany accounts and transactions have been eliminated in combination.

Recognition of income:

Revenue from services is recognized when the service is provided to the customer.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains cash balances at one financial institution which occasionally exceeds Federally insured amounts.

Accounts receivable

Accounts receivable consists of estimated amounts due for service revenues estimated to be outstanding at the end of each year based on forty-five (45) days of total estimated services performed for the year.

Direct write-off method used to record bad debts:

The Company has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES AND ASSUMPTIONS (continued)

Prepaid expenses:

Prepaid expenses consist of estimated amounts paid for insurance expenses estimated to be purchased for the following year based on fifteen (15) days of total estimated insurance expense for the year.

Provision for depreciation:

Property and equipment are stated at cost. Depreciation of property and equipment is provided using straight-line methods over the following estimated useful lives:

Boats and docks	5 years
Radio equipment	5 years
Building and improvements	7-25 years
Office furniture and equipment	5-7 years
Software	5 years

Expenditures for major renewals and betterments that extend the useful lives of the asset are capitalized. The cost of maintenance and repairs is charged to operating expense as incurred.

Accounts payable:

Accounts payable consist of the following amounts:

- Payments to retired pilots, which is calculated as 1.70% of the estimated accounts receivable at year end for 12 pilots;
- Florida State Association dues calculated as 1.50% of the estimated accounts receivable at year end;
- State Board of Pilots dues calculated as 0.70% of the estimated accounts receivable at year end; and
- Other services based on thirty (30) days of total estimated services incurred for the year.

Accrued expenses:

Accrued expenses represent pension plan benefit contributions outstanding based on thirty (30) days of estimated benefits incurred during the year.

NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES AND ASSUMPTIONS (continued)

Revenues:

Revenues for current operations are based on expected traffic patterns for each of the Company's segments. The forecasted revenue for each segment is summarized in the table below:

	2014	2015
Passenger	$ 5,953,019	$ 5,540,931
Container	4,017,848	4,056,264
Tanker/tug barge	1,266,421	1,414,846
Bulk	166,739	190,082
Yacht	36,182	41,034
Freighter	31,360	35,750
Navy	11,031	12,575
Research	9,937	5,708
	$ 11,492,537	$ 11,297,190

Expenses:

Most operating expenses are based on management's past experience of the expected costs necessary to conduct business, as well as considering actual expenses incurred to date in year 2014 and forecasted expected costs for the remainder of the year. These expenses are adjusted to account for cost of living adjustments in year 2015. Payments to retired pilots, Florida State Association dues and State Board of Pilots – dues are calculated as 20%,, 2% and .7% of the forecasted annual service revenue, respectively. Pension plan expense is calculated at 17% of the forecasted salary expense. Health insurance expense (included within insurance expense) is calculated based on the average health insurance increase over the last five years.

Provision for income taxes:

The Partnership does not pay or incur income taxes. The individual partners report their proportionate share of Partnership earnings and losses on their individual tax returns.

The Corporation has elected, with the consent of its stockholders, to be taxed as an S Corporation. The election provides that in lieu of corporate income taxes, the stockholders are levied income taxes on their proportionate share of the corporation's taxable income.

Accordingly, these forecasted combined financial statements do not reflect a provision or a liability for Federal or state income taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES AND ASSUMPTIONS (continued)

Use of estimates:

The preparation of forecasted combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation has a note payable to a former stockholder of the Corporation (Note 5). Interest expense incurred by the Corporation related to this note was $ 10,295 and $ 8,174 for the years ending December 31, 2014 and 2015, respectively.

The Partnership derives substantially all of its revenues from services rendered by the partners who are pilots licensed by the Florida DPR.

The Partnership engaged the Corporation to provide equipment and services necessary to carry out the business activity. All the service revenue derived by the Corporation is from the Partnership under a thirty year contract that expires in 2026. The contract sets forth the fees charged by the Corporation and the related annual increases based on a percentage of the increase in the Consumer Price Index.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2014	2015
Boats and docks	$ 1,559,975	$ 1,559,975
Radio equipment	96,548	96,548
Building and improvements	71,558	71,558
Office furniture and equipment	39,467	39,467
Software	9,590	9,590
	1,777,138	1,777,138
Less accumulated depreciation	1,671,669	1,740,839
	105,469	36,299
Land	42,724	42,724
	$ 148,193	$ 79,023

NOTE 5 – DEBT

Debt is summarized as follows:

	2014	2015
Note payable to a former shareholder in monthly installments of $ 3,275, including interest at 6.0% until October 2018 (Note 3).	$ 152,784	$ 116,260
	152,784	116,260
Less current portion	36,524	38,777
	$ 116,260	$ 77,483

Estimated future debt principal payments in the aggregate are approximately as follows:

Year Ending December 31,	
2015	$ 36,500
2016	$ 38,800
2017	$ 41,200
2018	$ 36,200
Thereafter	$ NONE

NOTE 6 - EMPLOYEE BENEFIT PLANS

The Corporation has a pension plan covering all employees. The Corporation's funding policy is to make annual contributions to the plan equal to a percentage of the participants' annual compensation. The contributions for the years ending December 31, 2014 and 2015 are forecasted to be $ 232,119 and $ 237,915, respectively.

NOTE 7 - PAYMENTS TO RETIRED PILOTS

There is no provision for a funded pension for inactive pilots. However, a formal arrangement exists providing for compensation to pilots when they retire from active service. The amount of compensation is determined by a formula involving a percentage of gross service revenue collected. For the years ending December 31, 2014 and 2015 payments to retired pilots are forecasted to be $ 2,298,507 and $ 2,260,919, respectively.

NOTE 8 - STATUTORY REQUIREMENTS - COMPENSATION AND BENEFITS OF ACTIVE PILOTS

Florida Statute (Section 310.151(5)(b)(2)) requires a determination of the average net income of pilots in the Port. The Partnership makes distributions to it partners, the pilots, for pilotage services. The Corporation and the Partnership do not employ any full-time professional administrative or technical employees. These responsibilities are assigned to the individual pilots and represent work requirements over and above normal piloting function. The Corporation pays each pilot a salary for performing these assigned additional duties, and in addition pays the related benefits (health insurance and retirement plan contributions).

NOTE 8 - STATUTORY REQUIREMENTS - COMPENSATION AND BENEFITS OF ACTIVE PILOTS (continued)

The following table summarizes the average forecasted total compensation per active pilot for the years ending December 31:

	2014	2015
Administrative and technical salaries paid to pilots	$ 850,318	$ 871,536
Net operating income	5,117,557	4,836,222
Total compensation to pilots	$ 5,967,875	$ 5,707,758
Number of licensed active pilots	17	18.5
Average total salaries, fees and distributions per active pilot	$ 351,051	$ 308,527

Appendix C

Pilot Rate Comparison

Port Everglades Pilots

October 22, 2014

Pilotage Rate Comparison for the Port Everglades Pilots Association

Attached is a compilation of pilot rates for major ports around the United States. It includes ports on the U.S. East Coast, Gulf Coast and West Coast. The most objective way to determine pilot rates is to compare the costs to the customer. The data contained within this report confirms the competitiveness of the pilot rates at Port Everglades. This remains true with the rate requested on the application dated October 22, 2014. A customer who chooses to ship its goods through Port Everglades will pay less pilotage per vessel movement than almost everywhere in the United States.

Despite a wide variety of methods for computing pilotage in the evaluated ports, each tariff contains a common theme. Pilotage costs increase with the size of the vessel. For the most part, charges are tied to the earning capacity of the ship. Fifteen of the ports use a combination of draft and either Gross or Deadweight tonnage to determine the charge for the vessel. Two of the ports use the East Coast Pilot unit which is a rough calculation of the gross tonnage. Two of the ports use a combination of draft and the Gulf Coast Pilot unit, which measures the size of the ship at the waterline. Maryland (Baltimore) is the only port in the United States that ties its basic pilotage rate to the number of hours aboard ship.

We have introduced surcharges to the rate request as a manner of fairly spreading the costs of certain items over the range of vessels calling at the port. Every port outside of the State of Florida uses surcharges to supplement their rate. Surcharges include fuel, communication, transportation, deputy training, pilot education and training, board expense recovery, capital investment, capital improvement and pilot boat charges among others. These charges were included in the rate comparison. Many ports have additional charges for docking and docking masters. These were not considered in the comparison but, if considered it would only serve to widen the disparity in rates between Port Everglades and those ports.

Table 1 is a rate comparison for Major Florida Ports. Table 2 is a rate comparison for major ports around the U.S., and Table 3 compares cruise ship charges at major ports. Port Everglades rates are well below the national average and among the lowest in every category.

No port on the East or Gulf Coasts of the United States caters to the diverse range of tanker, bulk, passenger, ro/ro, container, freight, and navy traffic as does Port Everglades. Most ports serve more concentrated segments of the maritime industry.

The pilot rates at Port Everglades are significantly lower than other major ports. This will be true even after the requested rate increase. Customers using Port Everglades pay less per container, per truck, per passenger, per barrel of petroleum and per ton of bulk cargo than port of comparable size.

Table 1 - Rate Comparison for Major Florida Ports

Florida Port	Rate $/ft	Min Feet	GT $/ton	Minimum Ton	Standard Vessel Fee Minimum	Medium	Large	Large Cruise
Tampa	39.27	12	0.0713	2600	657	$2,586	$5,135	$10,920
Jacksonville	21.20	15	0.0464	3000	457	1856	3,232	7,070
Key West	18.40	12	0.0345	2000	290	1260	2,498	5,330
Miami	17.43	14	0.0364	2500	335	1280	2,564	5,568
Port Canaveral	12.50	12	0.0280	2500	220	962	1,940	4,258
Port Everglades	13.30	14	0.0356	2500	275	1158	2373	5,225
Port Everglades (proposed)	*various*	*14*	*0.0356*	*2500*	*319*	*1396*	*3,038*	*4,989*
Average(Mean)					**$365**	**$1,500**	**$2,969**	**$6,194**

Por Everglades Draft Rate (proposed): 0-20' - $15/foot, 21'-31' - $22/draft foot, 31'-40' - $29/ft, 40'-50' - $45/ft
Port Everglades Tonnage Rates (proposed) .0356,.0320,.0267,.0178 based on tonnage

Small Vessel	LOA 342', Beam 55', Depth 26.9', GRT 2033, DWT 5196, Draft 18'
Medium Vessel	LOA 636', Beam 79', Depth 26.9', GRT 23200, DWT 26800, Draft 25'
Large Vessel	LOA 965', Beam 106', Depth 70.2', GRT 53208, DWT 67616, Draft 36'
Cruise: Navigator of the Seas	LOA 1021' Beam 127', Depth 70', GRT 139570, DWT 9616, Draft 28'

Source - Published Pilot Tariff Rate sheets for each port.

Table 2: Rate Comparison for Major United States Ports - 2014 Data
(ranked by large vessel charge)

Port	Rate	GT	SChg	Standard Vessel Fee			Effective
	$/ft	$/ton	Y/N	Small	Medium	Large	Date
Baltimore	Time	EC Pilot Unit	Y	$3,057	$8,186	$14,367	1/1/2014
New Orleans	109.33	DWT	Y	3,962	6,022	10,301	7/1/2014
New York	0.00	EC Pilot Unit	Y	1,399	1,954	7,282	1/1/2014
Aransas/Corpus Christi	36.61	GC Pilot Unit	Y	1,218	1,784	6,926	8/1/2014
San Francisco	10.26	0.09181	Y	876	3,146	6,792	7/1/2014
Columbia River (Portland)	11.44	0.0615	Y	2,843	4,225	6,196	4/15/2014
Houston	74.26	GC Pilot Unit	Y	2,241	2,945	6,064	1/1/2014
Galveston	47.18	GC Pilot Unit	Y	1,384	3,260	5,860	5/14/2014
Crescent River	62.15	DWT	Y	2,607	3,966	6,023	1/1/2014
Tampa	37.27	0.0713	N	633	2,586	5,135	2/1/2010
Puget Sound(Seattle)	LOA	0.1042	Y	1,157	2,206	4,994	1/1/2014
Mobile	33.00	0.0550	Y	1,270	2,892	4,827	1/1/2014
Charleston	24.85	0.6100	Y	1,346	2,231	4,335	1/1/2014
Boston	86.64*	0.0105	Y	1,288	2,450	4,287	1/1/2014
Associated Branch	55.89	DWT	Y	1,355	2,056	4,278	7/1/2014
Virginia	31.20	0.0596	N	805	1,075	4,169	10/1/2006
Jacksonville	21.20	0.0464	N	498	1,856	3,232	1/1/2004
Savannah	25.72	0.06126	Y	1371	2374	3160	7/1/2014
Port Everglades (Proposed)	*15,22,29,45*	*0.0356*	*Y*	*505*	*1396*	*2958*	
Miami	17.433	0.0364	N	405	1,280	2,564	4/1/2002
Port Everglades	13.3	0.0365	N	325	1,158	2,373	6/13/2003
Average (Mean)				**$1,455**	**$2,812**	**$5,530**	

Standard Vessels Utilized:

Small Vessel	LOA 342', Beam 55', Depth 26.9', GRT 2033, DWT 5196, Draft 18'
Medium Vessel	LOA 636', Beam 79', Depth 26.9', GRT 23200, DWT 26800, Draft 25'
Large Vessel	LOA 965', Beam 106', Depth 70.2', GRT 53208, DWT 67616, Draft 36'

EC Pilot Unit - (LxB)/10,000
GC Pilot Unit - (LxB)/100
*Boston has a graduated rate for Draft Based on Tonnage ranging from $54.57 to $133.09 per draft foot
*Port Everglades(Proposed) - Tiered tonnage $0.0356,$0.0320,$0.0267,$0.0178

Source - Published Pilotage Tariff Rate Sheets for each port.

Table 3 - Port Comparison for Large Cruise Ship - 2014 Data
(ranked by Cost of large cruise vessel)

Port	One-way cost Large Cruise Ship	One Way Cost Oasis of the Seas
Mobile	$18,499	28,680
San Francisco	16,875	26,984
Columbia River (Portland)	11,416	16,722
Tampa	10,920	17,181
Baltimore	10,919	
Puget Sound(Seattle)	10,911	22,632
Houston	10,058	16622
Savannah	9,347	14675
New Orleans	8,865	
Virginia	8,539	12876
Aransas/Corpus Christi	7,884	12204
Charleston	7,837	14702
New York	7,610	8380
Jacksonville	7,070	11089
Miami	5,568	8729
Key West	5,330	8322
Port Everglades	5,225	8120
Port Everglades (proposed)	4,989	6559
Port Canaveral	4,258	6681
Galveston	3,244	5151
Average (Mean)	**$8,768**	**$13,684**

Passenger Vessel used for comparison

Cruise: Navigator of the Seas LOA 1021' Beam 127', Depth 70', GRT 139570, DWT 9616, Draft 28'

**Source - Published Pilotage Tariff Rate Sheets for each port

Pilot Rate Information

Baltimore
New Orleans
New York
Aransas/Corpus Christi
San Francisco
Columbia River (Portland)
Houston
Galveston
Crescent River
Tampa
Puget Sound(Seattle)
Mobile
Charleston
Boston
Associated Branch
Virginia
Jacksonville
Savannah
Miami