

Pilots get 10 percent rate hike

By Laura Elder

The Daily News

Published April 11, 2007

After six days of hearings that were sometimes hostile, ship pilots on Tuesday won an overall 10 percent rate hike.

The raise isn't the 30.6 percent increase the pilots wanted. But the customers who pay their bills weren't happy either.

The Board of Pilot Commissioners, a group of five volunteers appointed by Gov. Rick Perry, unanimously awarded the 16-member Galveston-Texas City Pilot Association an increase that would boost the group's 2007 total revenues to about \$10.6 million.

'Disappointed'

"Of course the pilots are disappointed," said Carlos Garza, the pilots' attorney. "All they recovered was the hard cost of operating, and this makes seven years in row that pilots have not seen an increase in tariffs that represents cost of living."

Pilots, who have a virtual monopoly, haven't received a pay increase since 2000, when they successfully raised their rates by 36 percent.

Industry representatives are regrouping.

Options

"We appreciate the difficult assignment the commissioners had and acknowledge many of the comments and positions they took," said Niels Aalund, vice president of maritime affairs for the West Gulf Maritime Association.

Industry stakeholders plan to meet next week to consider the effects of the rate increase and what their options are, Aalund said.

Aalund stopped short of saying stakeholders would appeal the commissioners' decision.

Rising expenses

Commissioners granted the pilots a 10 percent increase in revenues but no increase in the association's net distributable income.

The pilots, who work as independent contractors, draw their salaries after overhead and operational expenses are deducted.

They argued that the rising cost of living, fuel, insurance and other expenses made a rate increase necessary.

Six-figure dispute

Also, they argued, a rate increase would allow them to buy new pilot boats after one was damaged and another capsized in January.

Pilots spend eight- to 10-hour work days climbing rope ladders to get aboard oil tankers at refinery docks in Texas City or luxury cruise ships in Galveston, helping captains navigate local harbors. They argue they use their knowledge of currents, weather patterns and harbor geography to avert disaster.

Their customers argue that pilots, some of whom pull down more than \$300,000 a year, get paid more than enough. Shipping industry representatives said such sizeable increases would hurt port industries that must stay competitive.

A 10 percent increase would help pilots offset loss of revenue after the Board of Pilot Commissioners adjusted tariffs on Monday.

A compromise?

Along with rejecting the 30.6 percent increase Monday, commissioners reduced some rates and fees the pilots charge. They also changed the way pilots do business in some cases.

Commissioners kept a requirement for two pilots on incoming large cruise ships that must make a 180-degree turn in the Galveston Ship Channel to be facing seaward at the dock. But, from now on, the second pilot will receive only half the going rate.

Also, cruise ships leaving the port no longer will require two pilots, commissioners said. And pilots will no longer be allowed to charge "special services" when dealing with oilrigs and similar structures.

Commissioners, among other changes, also reduced from \$950 an hour to \$750 an hour the fees pilots can charge for guiding oilrigs.

"When you subtract the added hard costs and, when reductions are made, the pilots come out with a zero change in net distributable income," Commissioner Vandy Anderson said.

Anderson said commissioners worked to be fair to both sides. Although pilots are well compensated, they also work hard, he said.

"It is a very difficult and demanding job; when the weather's bad, it's a nightmare."