

HB

251

ALASKA STATE LEGISLATURE

Vice Chair:

Joint Armed Services Committee

Member:

Military and Veterans Affairs Committee
Labor and Commerce Committee
State Affairs Committee
Economic Development, Trade, &
Tourism Committee



Session:

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REPRESENTATIVE NANCY DAHLSTROM

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Sponsor Statement

CSHB 251(FIN) am

“An Act relating to exemption of certain foreign pleasure craft from the mandatory pilotage requirements”

HB 251 authorizes access to Alaskan waters by a foreign registered pleasure craft that is 60ft or greater in overall length, but less than 175ft in overall length, when granted a waiver of pilotage. To travel in Alaskan waters, these pleasure craft must comply with certain state requirements.

For these foreign pleasure craft to enter Alaskan waters, a Marine Pilot must join and travel with the vessel to its first port of call. While in Alaskan waters, the vessel may further be required to take a Marine Pilot when navigating certain waterways. Before departing Alaska a Marine Pilot will again join the vessel and travel to its point of embarkation. The vessel will adhere to regulation established by the Board of Marine Pilots and are subject to civil penalties for violations.

A recent Legislative Budget and Audit Committee audit report supports these changes. This legislative audit (#08-20015-02 November 1, 2002) states under Recommendation No. 4, “The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure craft.”

The intent of HB 251 is to accomplish recommendations identified in the Audit and provide Alaskan Maritime communities with increased tourism opportunities while preserving our precious waterways.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 251(L&C)
(H) Publish Date: 4/25/2003

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Marine Pilot for Foreign Pleasure Craft BRU Occupational Licensing
Component Occupational Licensing
Sponsor Representative Dahlstrom
Requester House Labor & Commerce Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact.

Prepared by: Representative Tom Anderson Phone _____
Division: Chair, House Labor & Commerce Committee Date/Time 4/25/03 10:47 AM
Approved by: Representative Tom Anderson Date 4/25/2003
Agency: House Labor & Commerce Committee

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 251(FIN)
(H) Publish Date: 5/9/03

Revision Date/Time (Note if correction):
Title Marine Pilot for Foreign Pleasure Craft
Sponsor Representative Dahlstrom
Requester House Finance
Dept. Affected: DCED
BRU Occupational Licensing (117)
Component Occupational Licensing
Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1156)	102.0	102.0	102.0	102.0	102.0	102.0
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156 - Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

POSITIONS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSHB 251 (FIN) exempts foreign pleasure craft of 60 feet or less in overall length from the mandatory pilotage requirement. New funds are not required to implement this bill.

However, the bill is anticipated to generate new revenue as a result of civil fines imposed and the application fee for waiver from the pilotage requirement. Based on the fee proposed in the bill and estimates from the industry, the revenue is based on: 1) 6 pleasure crafts at 60' = 6 x \$1,500 = \$9,000; 2) 12 pleasure crafts at 120' = 12 x \$4,500 = \$54,000; 3) 6 pleasure crafts at 160' = 6 x \$6,500 = \$39,000. The revenue estimate is repeated in subsequent years however, the actual revenue will be based on the number of foreign registered pleasure crafts entering State waters.

Prepared by: Jennifer Strickler, Administrative Manager Phone 907-465-2144
Division Occupational Licensing Date/Time 5/8/03 2:30 PM
Approved by: Edgar Blatchford, Commissioner Date 5/8/2003
Agency Department of Community & Economic Development

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November 9, 2002

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF MARINE PILOTS
SUNSET REVIEW

November 1, 2002

Audit Control Number

08-20015-02

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(a) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, AS 08.03.010 (c)(10) states that the board will terminate on June 30, 2003, and will have one year from that date to conclude its administrative operations. .

In our opinion, the termination date for the Board of Marine Pilots should be extended. The regulation and licensing of qualified marine pilots benefits the public's safety and welfare. We recommend the legislature extend the termination date of the Board of Marine Pilots to June 30, 2007.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

Pat Davidson, CPA
Legislative Auditor

Recommendation No. 3

The legislature should consider amending current statutes in order to extend mandatory drug and alcohol testing to pilot organization trainees and apprentices.

Currently, trainees and apprentices do not participate in the random drug testing programs. This can be attributed to the language of the statute related to alcohol and drug testing programs administered by the Board of Marine Pilots. Alaska Statute 08.62.040(b)(2) states:

The board, may, by regulation make any other provision for proper and safe pilotage upon the inland and coastal water of and adjacent to the state and for the efficient administration of this chapter, including establishing a mandatory drug and alcohol testing program, including random tests, post-incident tests, and tests based upon reasonable cause, for pilots licensed [by the Board of Marine Pilots]. [Emphasis added]

Since the statute relates only to licensed pilots, individuals who are involved with associations as either trainees or apprentices are not subject random testing. Pilot associations report that most trainees and apprentices work for other employers involved in maritime activities. As such, they are likely to be subject to employer testing under federal regulations.

In our view, it would be better for apprentices and trainees to participate in random testing in conjunction with their training with the local association. This would ensure that all individuals who board and train on vessels in conjunction with the State's marine pilotage requirements are subject to random testing. It would also ensure that test results have been appropriately filed and reported. Accordingly, we recommend the legislature consider amending the current statute to extend the board's authority for alcohol and drug testing to include individuals who are in the process of becoming licensed pilots under the supervision of the local association.

Recommendation No. 4

The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure crafts.

Under AS 08.62.180(7), foreign-registered pleasure craft of "less than 300 gross tons as measured [as specified in federal regulations]" are exempted from obtaining a licensed marine pilot. Therefore, pleasure crafts of 300 gross tons do require a marine pilot. As we have discussed in prior BMP sunset audits, effective enforcement of this particular statutory provision has historically been inconsistent, if not impossible. Reportedly, the number of private foreign-registered yachts that exceed the 300 gross ton limit is steadily increasing. Currently, these large vessels are generally either plying Alaska waters without the required pilot on board, or are being discouraged from coming to the state altogether because of the

prohibitive pilotage costs,⁴ and the impracticality of maintaining a pilot on board over an extended period of time.

A Juneau contractor who specializes in provisioning pleasure yachts, has contacted the MPC and BMP chair to suggest the board consider granting waivers on a case-by-case basis. The contractor cites Washington state law that permits the State's pilotage board to grant exemptions to yachts that do not exceed 500 gross tons and 200 feet in length. The waiver statute applies only to waters of the Puget Sound pilotage district, which suggests that BMP or the legislature could limit waivers to specified waterways.

It appears most pilots want the statute better enforced. As discussed in the survey results section of this report, over two-thirds of the pilots responding to our survey opposed exempting foreign-registered yachts from pilotage requirements.

With enforcement problematic, discretionary waivers provide a way to track impact

In practice, the statute is difficult to enforce. Scofflaws face little risk of sanction, while conscientious cruisers may be discouraged from traveling through state waters by the cost of compliance. If enforcement of the statute is unrealistic or given a low priority, the law should be modified to be more workable.

If the board was granted more discretion in statute to provide waivers to large yachts (similar to the situation involving vessels in Puget Sound), there would be documented evidence of the nature and extent of the potential impact.

By being able to consider and issue waivers on a case-by-case basis, the board could develop a sense of the impact of high-end pleasure cruising in the state. BMP could tabulate the average size involved with these larger yachts, and if there were perceived abuses, could begin limiting or eliminating waivers altogether on a discretionary basis. Such action would seem to be preferable to current situation whereby the individuals involved are either flaunting the statute with no effective consequence, or are avoiding Alaska waters due to the cost prohibitive nature of the fees involved.

Accordingly, we suggest the BMP seek authority from the legislature to amend this section of the pilotage statutes to allow it the discretion to grant waivers for foreign-registered pleasure craft that exceed an established size.

⁴ An individual who had been dissuaded from cruising through the waterways of Southeast Alaska stated in a June 14, 2002, letter to Governor Knowles, that he had been quoted a cost of "\$1,400 to \$2,200 per day depending on [the yacht's schedule]." The letter went on to estimate that this rate would result in a total cost of "approximately \$72,000 for [the] summer cruise."

Washington State

RCW 88.16.070

Vessels exempted and included under chapter – Fee – Penalty.

A United States vessel on a voyage in which it is operating exclusively on its coastwise endorsement, its fishery endorsement (including catching and processing its own catch outside United States waters and economic zone for delivery in the United States), and/or its recreational (or pleasure) endorsement, and all United States and Canadian vessels engaged exclusively in the coasting trade on the west coast of the continental United States (including Alaska) and/or British Columbia shall be exempt from the provisions of this chapter unless a pilot licensed under this chapter be actually employed, in which case the pilotage rates provided for in this chapter shall apply. However, the board shall, upon the written petition of any interested party, and upon notice and opportunity for hearing, grant an exemption from the provisions of this chapter to any vessel that the board finds is a small passenger vessel or yacht which is not more than five hundred gross tons (international), does not exceed two hundred feet in length, and is operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia. Such an exemption shall not be detrimental to the public interest in regard to safe operation preventing loss of human lives, loss of property, and protecting the marine environment of the state of Washington. Such petition shall set out the general description of the vessel, the contemplated use of same, the proposed area of operation, and the name and address of the vessel's owner. The board shall annually, or at any other time when in the public interest, review any exemptions granted to this specified class of small vessels to insure that each exempted vessel remains in compliance with the original exemption. The board shall have the authority to revoke such exemption where there is not continued compliance with the requirements for exemption. The board shall maintain a file which shall include all petitions for exemption, a roster of vessels granted exemption, and the board's written decisions which shall set forth the findings for grants of exemption. Each applicant for exemption or annual renewal shall pay a fee, payable to the pilotage account. Fees for initial applications and for renewals shall be established by rule, and shall not exceed one thousand five hundred dollars. The board shall report annually to the legislature on such exemptions. Every vessel not so exempt, shall while navigating the Puget Sound and Grays Harbor and Willapa Bay pilotage districts, employ a pilot licensed under the provisions of this chapter and shall be liable for and pay pilotage rates in accordance with the pilotage rates herein established or which may hereafter be established under the provisions of this chapter: PROVIDED, That any vessel inbound to or outbound from Canadian ports is exempt from the provisions of this section, if said vessel actually employs a pilot licensed by the Pacific pilotage authority (the pilot licensing authority for the western district of Canada), and if it is communicating with the vessel traffic system and has appropriate navigational charts, and if said vessel uses only those waters east of the international boundary line which are west of a line which begins at the southwestern edge of Point Roberts then to Alden Point (Patos Island), then to Skipjack Island light, then to Turn Point (Stuart Island), then to Kelleet Bluff (Henry Island), then to Lime Kiln (San Juan Island) then to the intersection of one hundred twenty-three degrees seven minutes west longitude and forty-eight degrees twenty-five minutes north latitude then to the international boundary. The board shall correspond with the Pacific pilotage authority from time to time to ensure the provisions of this section are enforced. If any exempted vessel does not comply with these provisions it shall be deemed to be in violation of this section and subject to the penalties provided in RCW 88.16.150 as now or hereafter amended and liable to pilotage fees as determined by the board. The board shall investigate any accident on the waters covered by this chapter involving a Canadian pilot and shall include the results in its annual report.

[1996 c 144 § 1; 1995 c 174 § 1; 1987 c 194 § 2; 1977 ex.s. c 337 § 6; 1971 ex.s. c 297 § 3; 1967 c 15 § 3; 1935 c 18 § 4; RRS § 9871-4.]

NOTES:

Intent – 1987 c 194: "The legislature intends to provide a limited exemption from the provisions of this chapter for a specified class of small vessels registered as passenger vessels or yachts. It is not the intent of the legislature that such an exemption shall be a precedent for future exemptions of vessels from the provisions of this chapter." [1987 c 194 § 1.]

Severability -- 1977 ex.s. c 337: See note following RCW 88.16.005.

WAC 363-116-360 Exempt vessels. (1) Under the authority of RCW 88.16.070, application may be made to the board of pilotage commissioners to seek exemption from the pilotage requirements for the operation of a limited class of small passenger vessels or yachts, which are not more than five hundred gross tons (international), do not exceed two hundred feet in length, and are operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia. For purposes of this section, any vessel carrying passengers for a fee, including yachts under charter where both the vessel and crew are provided for a fee, shall be considered a passenger vessel.

The owners or operators of the vessel for which exemption is sought must:

(a) Complete and file with the board a petition requesting an exemption at least sixty days prior to planned vessel operations in the Puget Sound pilotage district where possible. Petitions filed with less than sixty days notice may be considered by the chair at the chair's discretion.

(b) The petition requesting exemption shall be on a board-approved form which shall include a description of the vessel, the contemplated use of vessel, the proposed area of operation, the names and addresses of the vessel's owner and operator, the dates of planned operations, and such other information as the board shall require on its petition form.

(c) Pay the appropriate initial application or renewal fee with the submittal of the petition, which is listed in subsection (5) of this section.

(2) All petitions for exemption filed with the board shall be reviewed by the chair, who shall make a recommendation to the board to be considered at its next regularly or specially scheduled meeting. Consistent with the public interest, the chair may grant an interim exemption to a petitioner subject to final approval at the next board meeting, where special time or other conditions exist. Any grant of an interim exemption may contain such conditions as the chair deems necessary to protect the public interest in order to prevent the loss of human life and property and to protect the marine environment of the state of Washington.

Such conditions may include a requirement that the vessel employ the services of a pilot on its initial voyage into Puget Sound waters or that the master of the vessel at all times hold as a minimum, a United States government license as a master of ocean or near coastal steam or motor vessels of not more than sixteen hundred gross tons or as a master of inland steam or motor vessels of not more than five hundred gross tons, such license to include a current radar endorsement.

(3) The recommendation of the chair shall be considered at the next regular or specially scheduled meeting of the board. Interested parties shall receive notice and opportunity for hearing at that time, provided that the party notifies the board at least five days in advance of the meeting of its desire for hearing.

(4) The board shall annually, or at any other time when in the public interest, review any exemptions granted to the specified class of small vessels to ensure that each exempted vessel remains in compliance with the original exemption and any conditions to the exemption. The board shall have the authority to revoke such exemption when there is not continued compliance with the requirements for exemption.

(5) Fee Schedule for Petitioners for Exemption

	3 Months or Less	1 Year or Less	Annual Renewal
A. Yachts			
Up to 100 feet LOA	\$ 300	\$ 500	\$ 200
Up to 200 feet LOA	500	750	300
B. Passenger Vessels			
Up to 100 feet LOA	750	1000	400
Up to 200 feet LOA	1250	1500	500

[Statutory Authority: RCW 88.16.070 and 1995 c 174. 97-12-018, § 363-116-360, filed 5/28/97, effective 6/28/97. Recodified as § 363-116-360. 97-08-042, filed 3/28/97, effective 3/28/97. Statutory Authority: RCW 88.16.070. 93-07-077, § 296-116-360, filed 3/18/93, effective 4/18/93; 90-20-039, § 296-116-360, filed 9/25/90, effective 10/26/90; 88-09-015 (Order 88-6, Resolution No. 88-6), § 296-116-360, filed 4/13/88.]

RCW 88.16.005

Legislative declaration of policy and intent.

The legislature finds and declares that it is the policy of the state of Washington to prevent the loss of human lives, loss of property and vessels, and to protect the marine environment of the state of Washington through the sound application of compulsory pilotage provisions in certain of the state waters.

The legislature further finds and declares that it is a policy of the state of Washington to have pilots experienced in the handling of vessels aboard vessels in certain of the state waters with prescribed qualifications and licenses issued by the state.

It is the intent of the legislature to ensure against the loss of lives, loss or damage to property and vessels, and to protect the marine environment through the establishment of a board of pilotage commissioners representing the interests of the people of the state of Washington.

It is the further intent of the legislature not to place in jeopardy Washington's position as an able competitor for waterborne commerce from other ports and nations of the world, but rather to continue to develop and encourage such commerce.

[1977 ex.s. c 337 § 1.]

NOTES:

Severability – 1977 ex.s. c 337: "If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected." [1977 ex.s. c 337 § 18.]

RCW 88.16.150

General penalty – Civil penalty – Jurisdiction – Disposition of fines – Failure to inform of special directions, gross misdemeanor.

(1) In all cases where no other penalty is prescribed in this chapter, any violation of this chapter or of any rule or regulation of the board shall be punished as a gross misdemeanor, and all violations may be prosecuted in any court of competent jurisdiction in any county where the offense or any part thereof was committed. In any case where the offense was committed upon a ship, boat or vessel, and there is doubt as to the proper county, the same may be prosecuted in any county through any part of which the ship, boat or vessel passed, during the trip upon which the offense was committed. All fines collected for any violation of this chapter or any rule or regulation of the board shall within thirty days be paid by the official collecting the same to the state treasurer and shall be credited to the pilotage account: PROVIDED, That all fees, fines, forfeitures and penalties collected or assessed by a district court because of the violation of a state law shall be remitted as provided in chapter 3.62 RCW as now exists or is later amended.

(2) Notwithstanding any other penalty imposed by this section, any person who shall violate the provisions of this chapter, shall be liable to a maximum civil penalty of ten thousand dollars for each violation. The board may request the attorney general or the prosecuting attorney of the county in which any violation of this chapter occurs to bring an action for imposing the civil penalties provided for in this subsection.

Moneys collected from civil penalties shall be deposited in the pilotage account.

(3) Any master of a vessel who shall knowingly fail to inform the pilot dispatched to said vessel or any agent, owner, or operator, who shall knowingly fail to inform the pilot dispatcher, or any dispatcher who shall knowingly fail to inform the pilot actually dispatched to said vessel of any special directions mandated by the coast guard captain of the port under authority of the Ports and Waterways Safety Act of 1972, as amended, for the handling of such vessel shall be guilty of a gross misdemeanor.

[1995 c 174 § 2. Prior: 1987 c 485 § 5; 1987 c 202 § 247; 1977 ex.s. c 337 § 8; 1969 ex.s. c 199 § 41; 1967 c 15 § 7; 1935 c 18 § 10; RRS § 9871-10; prior: 1888 p 179 § 27.]

NOTES:

Intent – 1987 c 202: See note following RCW 2.04.190.

Severability – 1977 ex.s. c 337: See note following RCW 88.16.005.

RCW 88.16.150

General penalty -- Civil penalty -- Jurisdiction -- Disposition of fines -- Failure to inform of special directions, gross misdemeanor.

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NOTES:

Intent -- 1987 c 202: See note following RCW 2.04.190.

Severability -- 1977 ex.s. c 337: See note following RCW 88.16.005.

STATE OF WASHINGTON
BOARD OF PILOTAGE COMMISSIONERS
2911 2nd Avenue, Suite 100
Seattle, Washington 98121
(206) 515-3904
(206) 515-3969 FAX

PETITION FOR VESSEL EXEMPTION FROM PILOTAGE REQUIREMENTS

_____ (DATE) _____ NEW _____ RENEWAL

1. Applicant:

Name _____

Address _____

Telephone _____

2. Owner of vessel, if different from applicant:

Name _____

Address _____

Telephone _____

3. Name of vessel and country of registry:

4. Type and use of vessel, including length (LOA) and gross tonnage (international):

5. Length of time sought for exemption when vessel will be exclusively in the waters of the Puget Sound Pilotage District and lower British Columbia:

6. Purpose of visit:

7. Names and addresses of captain, crew and passengers: (use additional sheets if necessary)

8. Experience of master and crew in waters of Puget Sound and lower British Columbia: (attach any government licenses)

9. Identities of the captain and/or crew who speak English:

10. Type and quantity of fuel and any other potentially environmentally damaging substances on board:

11. Brief description of navigational aids on board:

12. Brief description of communications equipment: (list accessible VHF channels)

13. List any propulsion, navigation or communication equipment not currently operational:

C Staying the COURSE

Despite wavering economies and the threat of global terrorism, 2002 luxury yacht order book is up 18.4% • Italy tops country listings • 11.4 miles of yachts under construction • Benetti tops builder list • Big gains by Germany, New Zealand, Australia, Denmark • 507 yachts over 80' under construction

THE LUXURY YACHT INDUSTRY IS DEMONSTRATING extraordinary resiliency in the face of threats from a sagging U.S. economy and global terrorism.

While the industry backed off from its red-hot 31% rate of growth in last year's order book, it still turned in a surprisingly robust 18.4% increase in total business. While gains were posted in nearly every quarter, the strongest corporate and national performers were tried-and-true companies and countries.

In terms of overall product categories, sailing yachts were up 12.5% and motor yachts 19.5%. In both motor and sailing yacht categories, however, the strongest segments were the upper and lower ranges. Sailing yacht orders between 90 and 99 feet were up 100%, while the 150-foot-plus sail segment jumped five orders or 50%. In the motor yacht sector, the 80- to 89-foot range leaped 38 orders, or 36.9%, while the 150-foot-plus range rose 11 orders to a total of 73, a jump of 17.7%.

The only drop in any segment was among 100- to 119-foot sailing yachts, which decreased by three orders, or 17.6 percent.

Reinforcing the industry trend toward ever-larger yachts, this year's order book reflects a two-foot increase in the average size of luxury yachts now under construction to 119.4

feet. This is due in no small measure to the 100-meter project started and stopped under a veil of secrecy by Lürssen and Blohm & Voss for a Brunei owner. Now code named *Platinum*, the structurally complete 525 footer has a new owner and will be finished in the Middle East.

In The Wake Of September 11th

In trying to gain perspective on the underlying strength of

the luxury yacht industry, numerous builders interviewed for this report said the majority of clients with whom they were working prior to the terrorist attacks of September 11th are moving forward with their projects. Feadship, for example, reported two new orders in the second week following the World Trade Center and Pentagon attacks. Paolo Vitelli, chairman of the Azimut-Benetti Group, reported that none of the negotiations underway at the time were broken off after the attacks, and that none of his clients had asked for a deposit to be returned.

"The strategy of the terrorists has not shown any effect," he said, adding his clients have openly expressed their support for a business-as-usual climate. "Things must move forward," Vitelli said, "or otherwise we're simply playing their game."

Henk deVries III, managing director of Feadship's DeVries Shipyard, draws a similar analysis. Following the attacks, deVries said he informally checked in with all his

Top 15 Builders

Yard Name	Number of Projects	Total Length	Average Length	2001 Rank
1. Azimut/Benetti	56	6,008'	107'	1
2. Lürssen	8	2,429'	304'	4
3. Ferretti	27	2,421'	90'	2
4. Feadship	13	2,353'	181'	3
5. SNP Rodriguez	22	1,957'	89'	5
6. Amels	10	1,890'	189'	7
7. Horizon	17	1,558'	92'	-
8. Royal Denship	11	1,470'	134'	-
9. Heesen	10	1,285'	129'	9
10. Trinity	8	1,218'	152'	8
11. Perini Navi	6	1,154'	192'	11
12. San Lorenzo	12	1,044'	87'	13
13. Destiny	10	1,025'	103'	-
14. Westport	8	936'	117'	-
15. Sunseeker	10	933'	93'	10

By the Editors of ShowBoats International
Data Compiled By Jamie Welch

Builder **Type** **Name/Launch** **Design/Team** **Engines**

ARGENTINA

Tarrab	87	MY Beautiful Lady/Jan 2002	Tarrab	US/CAT
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AUSTRALIA

• Aluminum Marine89 MY Powercat/2002				
Australian MY	98	MY Seastar 97/2002	Shead/Bonville	MTU
	145	MY Seastar 145/May 2002	Shead/Bonville	US/MTU
• Brisbane				
	132	MY 2003	Cohen	
Shipyards	165	MY 2003	Cohen	
	264	MY	Cohen	
• McConaghy				
	85	SY Maxi/2002	Reichel-Puoh	US/Yanmar
	85	SY Maxi/2002	Reichel-Puoh	Yanmar
Oceanfast	177	MY Perfect Prescription/Mar 2003	Oceanfast/Heywood	US/MTU
	185	MY Mercedes III/June 2003	Oceanfast/Bannenberg	US/CAT
	228	MY Horan Expedition Yacht/Dec 2003	Oceanfast/Sorogiovanni	Australia/CAT
Warren	85	MY Supernova ST/Nov 2001	Low/Sorogiovanni	MTU
	85	MY Supernova HT/Feb 2002	Low/Sorogiovanni	MTU
	114	MY 35M/Dec 2002	Curran/Lowe/Sorogiovanni	MTU

BRAZIL

Inaca	83	MY Amarella/Mar 2002	Inaca/Kirschstein	Italy/CAT
	90	MY Lembra/Sept 2002	Inaca/Kirschstein	US/CAT
McLainave	144	MY 144 MY/Dec 2001	Murray/Revereri	US/CAT

CANADA

• Cape Scott				
	86	MY Amnesia II/Dec 2001		MAN
Crescent	92	MY TBA/Nov 2001	Sarin/PCI	US/MTU
	112	MY Crescent Lady/Aug 2002	Sarin/Crescent/Rose	MTU
	120	MY Crescent Lady/2002	Sarin/Crescent/Rose	MTU
McQueens	88	MY TBA/Aug 2002	Pokela	US
Queenship	87	MY Souvenir/Nov 2001	Festa/Cole	US/CAT
	95	MY Cleo Marie/May 2002	Queenship/Apollonio/Espinosa	US/MTU
	98	MY Durand Marie/June 2003	Queenship/Apollonio/Espinosa	US/MTU
Sovereign Yachts	105	MY TBA/Jan 2003	Setzer	MTU
	120	MY Chairman/Feb 2002	Setzer/Knowles/Sovereign	MTU
	135	MY Cloud 9 /July 2002	Setzer/Sovereign	CAT
West Bay Sonship	82	MY 70-14/Nov 2001	West Bay Group	Venezuela/MTU
	82	MY 70-16/Mar 2002	West Bay Group	US/MTU
	88	MY 70-15/Feb 2002	West Bay Group	US/MTU
	88	MY 70-17/June 2002	West Bay Group	US/MTU
	89	MY 70-19/Nov 2001	West Bay Group	US/CAT
	103	MY 103-4/Sept 2002	Sarin/WBG/Vermeulen/Johnson	MTU

CHINA

Cheoy Lee	81	MY TBA	Festa	US/CAT
	103	MY TBA	Mulder/Robinson	US/MTU
	103	MY TBA/Fall 2001	Mulder/Puleo	US/MTU
	125	MY TBA	Mulder/Savio	US/CAT
	171	MY Seashaw II/Dec 2002	Mulder/Robinson	Singapore/MTU
Yantai Raffles	105	SY TBA/Apr 2002	Sparkman & Stephens/Mallard	US
	131	SY TBA/2003	Sparkman & Stephens/Mallard	US
	289	MY Asean Lady/Apr 2002	Mitchell/Raffles	Singapore/CAT

DENMARK

Royal Denship	80	MY 80 Flybridge/May 2002	Dixon/Zuretti	Europe/CAT
	80	MY 80 Open/Aug 2002	Dixon/Zuretti	Europe/CAT
	107	MY Dayboat/Oct 2003	Deino/Zuretti	MTU
	109	SY Aventura/Sept 2003	Hood/Denship/Hood	France/CAT
	110	SY 110 Sloop/Fall 2001	Castro/Zuretti	Europe/CAT
	127	SY 130 Bluebay/June 2002	Costa/Bluebay	Europe/CAT
	127	MY 125 Classic/Fall 2001	Denship/Zuretti	US/CAT
	135	MY 135 Classic/June 2002	Denship/Zuretti	Europe/CAT
	136	SY J-Boat/Nov 2003	Reichel-Puoh/Johnson	US/Lugger
	207	MY 208 Expedition/June 2002	Knudsen/Pottboll	US/CAT
	252	MY 240 Denso/Oct 2003	Deino/Zuretti	Deutz

EGYPT

- Debris	80	MY Debris 80/2001	Baritani/H2	MAN
	80	MY Debris 80/2002	Baritani/H2	MAN

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existing and prospective clients. "All of our clients we're working with are going ahead," he said. "Even with this horrible situation, the outlook at Feadship is good."

Lürssen's sales manager, Michael Bremen, said inquiries remain at a high level. "I refuse to be a pessimist," Bremen said. Despite the recent attacks, the outlook remains good for his company. "The recession was going to happen anyway," Bremen said, adding that U.S. Dollar/Euro currency exchanges remain favorable for U.S. buyers, a condition that is likely to continue. "Saber-rattling tends to strengthen the dollar," he said.

On the production side, several builders reported their chief concern was the backlog of orders in their dealer networks and inventory. The unwillingness to start new orders on speculation is reflected in the performance of companies such as England's Sunseeker, which this year slipped five notches to 15th place in the builder standings.

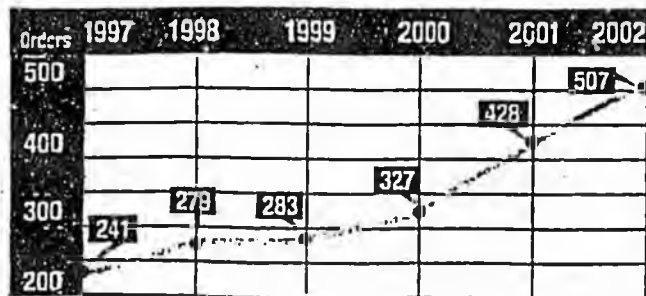
On the positive side of the production scale is the rise into the top-20 list of such companies as Lazzara Yachts and Destiny Yachts. The increased performance of these companies is due in large measure to their aggressive investment in recent years in new product development. "The time to move, the time to grow is on the downturn," said Dick Lazzara, CEO of Lazzara Yachts, which is introducing two new models, 80- and 106-footers, at the Fort Lauderdale International Boat Show. "It's time to pin our ears back and try to grow market share. We're just fortunate we started developing new products eighteen months ago. Now, every month that goes by will make us a stronger company."

Vitelli also remains bullish on the production side of his group. The Cannes Boat Show (just prior to the September 11th attacks) was excellent he said, and dealers both in Europe and the U.S. remain optimistic. For Azimut/Benetti's part, Vitelli said he is prepared to move forward with a planned Euro\$28 million investment in new construction capacity at the company's new Lusben yard in Viareggio.

Orders By Length & Year

Length	Sailing Yachts						Motor Yachts					
	'97	'98	'99	'00	'01	'02	'97	'98	'99	'00	'01	'02
80'-89'	5	7	7	14	16	17	45	75	48	62	103	141
90'-99'	7	9	8	4	5	10	20	31	36	43	38	44
100'-119'	7	7	12	14	17	14	71	58	72	71	95	103
120'-149'	6	6	12	14	16	16	32	41	39	47	68	74
150'+	5	4	3	8	10	15	43	41	45	40	62	73
TOTAL	30	33	42	54	64	72	211	248	241	273	364	435

Charting Upward Progress



Top 10 Builder Nations

Yard Name	Number of Projects	Total Length of Projects	Average Length	2001 Rank
1. Italy	170	17,686'	104'	1
2. US	99	11,235'	113'	2
3. Netherlands	61	9,267'	152'	3
4. Germany	12	3,127'	261'	5
5. New Zealand	22	2,570'	117'	7
6. Taiwan	24	2,176'	91'	-
7. Australia	14	1,937'	138'	-
8. UK	18	1,869'	104'	6
9. Canada	17	1,668'	98'	8
10. France	15	1,566'	104'	9

Gauging Brokerage/Charter Impact

While the order book reflects continued resiliency in the existing new-construction sector, weakness in both chartering and brokerage sales does not bode well for the short-term prospects of those sectors. Several brokers interviewed in the aftermath of September 11 reported that the only phone calls they received were those canceling pending deals. Charter agents and fleet managers reported charter cancellations for next summer's Mediterranean season.

But yacht broker Merle Wood of Merle Wood & Associates, said he's seen the market fluctuate wildly in the past and recover quickly. The issue is not one of not enough people of means to support the market. "Tons of people have tons more money than they had five years ago," he said. What will make the telephone start ringing again, Wood said, is when people begin to appreciate the safety and security large yachts represent. He noted that private airplane leasing and sales are already red-hot. The question many people will begin asking themselves is, "Do I want to check my family into a public resort somewhere, or do I want them to be on our own private, secure yacht?"

Others, such as Bob Saxon of Bob Saxon Associates, sees opportunities in the current upheaval. For one, he said, such periods of crisis always end up "winnowing out" the industry, ultimately leaving strong and responsive companies in a better position. His company is working quickly to "reshape the charter product" to make it more attractive to a wider audience. Noting the bankruptcy of Renaissance Cruise Lines, he is developing an all-inclusive charter package, including private air transportation, to make chartering more appealing to traditional high-end cruise line customers. "There are hundreds of thousands of stranded cruise ship passengers who are capable of purchasing a yacht charter vacation," Saxon said. Noting that the time is ripe for industry unity, Saxon said, "Everybody fears change. But the best way to cope with change is to create it yourself."

Who's On Top

Azimut/Benetti, with an astounding 64.7% jump in new orders, consolidated its position at the top of the overall builder category. A distant second is Lürssen, which increased its orders 60% to move up from fourth. Feadship, despite its 18% increase dropped to fourth behind Ferretti, which dropped from second to third in the rankings on a 3% dip in orders. When considering only custom builders, Feadship is third.

Builder	Type	Name/Launch	Design Team	Engines
DEBIRS (Continued)				
• Debirs (Continued)	80	MY Debirs 80/2002	Barlani/H2	MAN
• Ocean Classic	190	MY Ocean Classic One/July 2002	Ocean Classic/Freivaldt	CAT
FINLAND				
Baltic	140	SY TBA/2006	Jude/Vrolijk	Germany/CAT
	141	SY TBA/2003	Jude/Vrolijk	CAT
	147	SY TBA/2003	Reichel-Purtyff/3DDesign	US/CAT
Nautor's Swan	80	SY Swan 80/004/May 2002	Frers/Nautor	Yanmar
	80	SY Swan 80/009/May 2002	Frers/Nautor	Yanmar
	82	SY Swan 82/003/Mar 2002	Frers/Nautor	Yanmar
	82	SY Swan 82/005/Oct 2002	Frers/Nautor	Yanmar
	99	SY Swan 100/002/July 2002	Frers/Nautor	Perkins
	113	SY Swan 112/003/June 2002	Frers/Nautor	MTU
	113	SY Swan 112/004/Sept 2002	Frers/Nautor	MTU
FRANCE				
CIM	115	SY Maxi 115/Mar 2002	Berret-Racoupeau	France/MAN
CAN	105	SY Lady Barbarella/June 2002	GPA	Luxembourg/CAT
	140	MY Heloval/Sept 2002	CAN/Brethschneider/Stirling	France/CAT
CNB	95	SY Grand Bleu V/Nov 2002	Briand/Vrjback	Europe/Cummins
Guy Couach	92	MY TBA/Nov 2001	Guy Couach	Europe/MTU
	92	MY TBA/May 2002	Guy Couach	Europe/MTU
	92	MY TBA/Aug 2002	Guy Couach	Europe/MTU
	92	MY TBA/Dec 2002	Guy Couach	Europe/MTU
	95	MY TBA/Dec 2001	Guy Couach	Europe/MTU
	120	MY TBA/2002	Guy Couach/Owner	Europe/MTU
• JFA	82	SY Yliu/Fall 2001	Vrolijk/GCA	Spain/Yanmar
	82	SY Sea Tenante/2002	Joubert/JFA/Kubie	UK
	122	MY Vrjback 122/2003	Vrjback/Gibrator	CAT
• Multiplast	110	SY Cruising Cat/2003	Other/The "A" Group	US
Ocea	132	MY TBA/2003	Hivet/Tarnade/Baudouin	
GERMANY				
Abeking	130	SY TBA/Dec 2001	Trip/Winch	MTU
& Rasstrussen	188	MY TBA/Oct 2002	A&R/Starkley/Plato	CAT
	188	MY Excellence IV/Dec 2001	A&R/Starkley	US/CAT
	192	MY TBA/Oct 2003	A&R	CAT
Lürssen	192	MY TBA/2004		US/CAT
	200	MY TBA/2004		MTU
	238	MY TBA/2004	Oreno/Starkley	MTU
	239	MY TBA/2002		MTU
	335	MY TBA/2002		MTU
	360	MY TBA/2002		Wartsila
	410	MY TBA/2002		US/MTU
	455	MY TBA/2002		US/MTU
ITALY				
Affmarina	135	MY TBA/Sept 2002	Bachalupo/Spagnoli/Alarmanne	UK/MTU
Arno	80	MY Leopard 24/2002		MTU
(Rodriguez Group)	80	MY Leopard 24/2002		MTU
	80	MY Leopard 24/2002		MTU
	80	MY Leopard 24/2002		MTU
	88	MY Leopard 27/2002		MTU
	88	MY Leopard 27/2002		MTU
	88	MY Leopard 27/2002		MTU
	88	MY Leopard 27/2002		MTU
• Astondoa	82	MY Astondoa 82 GLX/2002		MTU
(Rodriguez Group)	82	MY Astondoa 82 GLX/2002		MTU
	82	MY Astondoa 82 GLX/2002		MTU
Azimut	80	MY #20/Fall 2001	Azimut/Righini/Galeazzi	Venezuela/CAT
	80	MY #21/Fall 2001	Azimut/Righini/Galeazzi	US/CAT
	80	MY #22/Nov 2001	Azimut/Righini/Galeazzi	US/CAT
	80	MY #23/Dec 2001	Azimut/Righini/Galeazzi	Germany/CAT
	80	MY #24/Jan 2002	Azimut/Righini/Galeazzi	Venezuela/CAT
	80	MY #25/Feb 2002	Azimut/Righini/Galeazzi	Mexico/MTU
	80	MY #26/Mar 2002	Azimut/Righini/Galeazzi	Europe/MTU
	80	MY #27/Apr 2002	Azimut/Righini/Galeazzi	Cyprus/MTU
	80	MY #28/May 2002	Azimut/Righini/Galeazzi	Europe/MTU

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ITALY (CONTINUED)					
CNS (Wally)	94	SY	Magic Carpet I/July 2002	Frers/Wally UK/Cummins	
	94	SY	WY 94.2 Ft/Aug 2003	Frers/Wally Germany/Cummins	
	98	SY	WY 98 Ft/Aug 2003	Frers Argentina/Yanmar	
	100	SY	WY 100/June 2002	Frers/Wally/Foster Japan/CAT	
	105	SY	WY 105/June 2002	Frers/Castellini Italy/CAT	
Codocasa	138	MY	F64/Apr 2002	Codocasa/Delta Role CAT	
	164	MY	F65/Dec 2003	Codocasa/Delta Role CAT	
	203	MY	C108/July 2003	Codocasa/Delta Role CAT	
CRN (Ferretti Grp)	151	MY	Magnifica/Aug 2002	CRN/Nuvolari&Leonard Europe/CAT	
Ferretti Custom Line	94	MY	Custom Line #15/Sept 2003	Ferretti/Zuccon US/MTU	
	101	MY	Navezza 30 #2/Jan 2002	Ferretti/Zuccon Europe/MAH	
	101	MY	Navezza 30 #3/Apr 2002	Ferretti/Zuccon Europe/MAH	
	101	MY	Navezza 30 #4/June 2002	Ferretti/Zuccon Europe/MAH	
	101	MY	Navezza 30 #5/Sept 2002	Ferretti/Zuccon US/MAH	
	112	MY	Custom Line 112 #5/June 2003	Ferretti/Zuccon Europe/MTU	
	112	MY	Custom Line 112 #6/Dec 2003	Ferretti/Zuccon Europe/MTU	
	80	MY	#56/Fall 2001	Ferretti/Zuccon Middle East/CAT	
	80	MY	#57/Nov 2001	Ferretti/Zuccon Middle East/CAT	
	80	MY	#58/Dec 2001	Ferretti/Zuccon Europe/CAT	
	80	MY	#59/Feb 2002	Ferretti/Zuccon Middle East/CAT	
	80	MY	#60/Apr 2002	Ferretti/Zuccon Europe/CAT	
	80	MY	#61/May 2002	Ferretti/Zuccon Europe/CAT	
	80	MY	#62/June 2002	Ferretti/Zuccon Asia/CAT	
	80	MY	#63/July 2002	Ferretti/Zuccon Europe/MTU	
	80	MY	#64/Aug 2002	Ferretti/Zuccon US/MTU	
	80	MY	#65/Oct 2002	Ferretti/Zuccon US/CAT	
	80	MY	#66/Nov 2002	Ferretti/Zuccon US/CAT	
	80	MY	#67/Jan 2003	Ferretti/Zuccon Asia/CAT	
	Fipa	80	MY	Maiora 24/Mar 2002	Fipa/Del Re Italy/MTU
80		MY	Maiora 24/May 2002	Fipa/Del Re Italy/MTU	
85		MY	Maiora 26/Feb 2002	Fipa Spain/MTU	
97		MY	Maiora 29/June 2002	Fipa/Del Re Spain/MTU	
102		MY	Maiora 31 DP/Apr 2002	Fipa/Del Re Greece/MTU	
102	MY	Maiora 31 DP/July 2002	Fipa/Del Re Spain/MTU		
102	MY	Maiora 31 DP/Apr 2002	Fipa/Del Re Portugal/MTU		
Intermarine S.p.A.	118	MY	Wally 118/July 2002	Intermarine SpA	
	146	MY	Balajo/Fall 2001	Intermarine SpA/Zuretti S.A. Cayman Islands/CAT	
Mondomarine	98	MY	TBA/Feb 2002	Sydac/Cichero Europe/MTU	
	98	SY	TBA		
	132	MY	New York Lady I/May 2002	Sydac/de Rover/Blancheri US/MTU	
	136	MY	TBA/Feb 2002	Navires/Mondomarine Navires/Cichero Africa/MTU	
147	SY	TBA	de Rover		
MAYS	153	MY	Genesis/2001	Cutolo/de Basto/Lauren CAT	
	Overmarine (Rodriguez Grp.)	80	MY	Manqusta 80/2001	MTU
		80	MY	Manqusta 80/2001	MTU
		80	MY	Manqusta 80/2002	MTU
		80	MY	Manqusta 80/2002	MTU
		105	MY	Manqusta 105/2002	MTU
		105	MY	Manqusta 105/2002	MTU
		105	MY	Manqusta 105/2002	MTU
		108	MY	Manqusta 108/2002	MTU
		108	MY	Manqusta 108/2002	MTU
108		MY	Manqusta 108/2002	MTU	
Perini Navi	163	SY	Persesus/2001	Perini Navi US/CAT	
	163	SY	#2050/2002	Perini Navi Deutz	
	173	SY	#2036/Aug 2002	DuBois/Tessier CAT	
	184	SY	#2034/Aug 2003	Perini Navi Deutz	
	209	SY	#2035/Nov 2002	Holland/Nuvolari&Leonard Deutz	
	262	SY	TBA/2003	Perini/Dijkstra/Freivokh US	
Pershing (Ferretti Group)	88	MY	#6/Fall 2001	Pershing/de Simoni Europe/MTU	
	88	MY	#7/Dec 2001	Pershing/de Simoni Europe/MTU	
	88	MY	#7/Apr 2002	Pershing/de Simoni Europe/MTU	
Riva (Ferretti Group)	80	MY	Riva 80/July 2002	Riva/Michell Europe/MTU	

ITALY (CONTINUED)					
Riva (Continued)	80	MY	Riva 80/April 2002	Riva/Michell Europe/MTU	
	80	MY	Riva 80/Dec 2001	Riva/Michell Europe/MTU	
	84	MY	Can.../Fall 2001	Riva/Michell Asia/MTU	
	Rizzardi	80	MY	TBA/Feb 2002	Rizzardi/Zuccon Greece/MTU
	80	MY	TBA/Apr 2002	Rizzardi/Zuccon Greece/MTU	
80	MY	TBA/May 2002	Rizzardi/Zuccon Greece/MTU		
80	MY	TBA/June 2002	Rizzardi/Zuccon Greece/MTU		
105	MY	TBA/Mar 2002	Rizzardi/Paszowski MTU		
San Lorenzo	82	MY	TBA/2002	San Lorenzo CAT	
	82	MY	TBA/2002	San Lorenzo CAT	
	82	MY	TBA/2002	San Lorenzo CAT	
	82	MY	TBA/2002	San Lorenzo CAT	
	82	MY	TBA/2002	San Lorenzo CAT	
	88	MY	TBA/Nov 2001	San Lorenzo MTU	
	88	MY	TBA/Jan 2002	San Lorenzo MTU	
	88	MY	TBA/Apr 2002	San Lorenzo MTU	
	88	MY	TBA/July 2002	San Lorenzo MTU	
	100	MY	TBA/2002	San Lorenzo MTU	
100	MY	TBA/2002	San Lorenzo MTU		
Versacraft (Viking)	105	MY	Viking 105 Custom/Nov 2002	Viking/Versacraft/Savio US/MTU	

NETHERLANDS					
Amels	153	MY	TBA/2004	Amels/Starkuy CAT	
	171	MY	TBA/2003	Amels/Discdale Cummins	
	171	MY	TBA/2003	Amels/Discdale Cummins	
	171	MY	TBA/2004	Amels/Pinto Cummins	
	180	MY	TBA/2003	Amels/Discdale CAT	
	187	MY	TBA/2005	Amels	
	202	MY	Solemar/2002	Amels/Lusich US/CAT	
	203	MY	Sarah/2002	Amels/Starkuy CAT	
	213	MY	TBA/2004	Amels/Franchini CAT	
	239	MY	TBA/2003	Amels/Redman & Whitley CAT	
	Headship	126	MY	#665/2003	de Voogt
		131	MY	#787/2002	de Voogt
		140	MY	Andiamo/2005	de Voogt/Shang/Johnson
		152	MY	#789/2005	de Voogt
		164	MY	#668/2002	de Voogt
169		MY	#788/2002	de Voogt/Starkuy	
177		MY	#669/2005	de Voogt	
185		MY	#662/2002	de Voogt	
187		MY	#663/2002	de Voogt	
197		MY	Paratrin/2002	de Voogt/Owner	
212	MY	#664/2002	de Voogt/Van Lint/Owner		
231	MY	#667/2003	de Voogt		
282	MY	#790/2005	de Voogt/Van Lint		
Hakvoort	96	MY	TBA/June 2003	Vriepack/Horsfield UK	
	110	MY	Midnight Saga/June 2002	Lentsch/Freivokh Norway/CAT	
	146	MY	Campbell Bay/May 2002	DIANA/Winch US/CAT	
	152	MY	Flamingo Daze/June 2003	Vriepack/Johnson US/CAT	
	165	MY	H20/Nov 2004	Oelne US/CAT	
Heesem	97	MY	#1829/Nov 2002	Diaship/PB Design Netherlands/MTU	
	110	MY	#12134/Spring 2004	Diaship/Omega Netherlands/MTU	
	111	MY	#1734/May 2002	Diaship/Omega Greece/MTU	
	120	MY	Uuketown/Dec 2001	Diaship/Omega Netherlands/MTU	
	131	MY	#11540/Feb 2002	Diaship/Omega Malaysia/CAT	
	139	MY	#12342/2004	Diaship/PB Design Netherlands/CAT	
	141	MY	#11934/May 2003	Diaship/Omega UK/MTU	
	141	MY	#12043/Feb 2004	Diaship/Omega Greece/MTU	
	144	MY	#12244/Aug 2004	Diaship/de Rover/Omega Germany/MTU	
	151	MY	#1646/Jan 2003	Diaship/Zuretti MTU	
Holland Jachtbouw	80	SY	Emotion/Aug 2001	Hoek MAH	
	90	SY	Christoff's Lighthouse/Dec 2002	Dijkstra US/Lugger	
	115	SY	Whisper/Dec 2002	Hoek/Winch US/Lugger	
152	SY	Windrose/Fall 2001	Dijkstra Netherlands/Lugger		

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THE NETHERLANDS (Continued)				
Jongert	87	SY	Searose/April 2003	Peterson/Jongert/Scania
	105	SY	Happy Sailing/Aug 2002	Castro/Jongert/Scania
	120	SY	Islandia/Jan 2002	Castro/Jongert CAT
	147	SY	Jongert 45C/2002	Hoek/Jongert MTU
	177	SY	Erica XI/May 2004	Hood/Winch MTU
• Kuipers Shipyard	84	MY	Doggersbank/2002	Vripack Canada
	93	MY	Doggersbank/2003	Vripack US
Moonen	84	MY	Mimi/Nov 2001	Stolk Marinmecc/van der Velden UK/CAT
	84	MY	TBA/June 2002	Stolk Marinmecc/van der Velden Scotland/CAT
Mulder Shipyard	80	MY	TBA/June 2003	Ginton & Weber/de Groot/Mulder Netherlands/Volvo
	88	MY	Seabreeze II/Fall 2001	Ginton & Weber/de Groot/van der Kamp UK/CAT
Oceanco	193	MY	TBA/2002	Oceanco/Disdale CAT
	200	MY	TBA/2002	Oceanco/Zuretti CAT
	262	MY	TBA/2001	Oceanco/Costantini/A Group MTU
Royal Huisman	131	SY	Cecile-Marie/Nov 2002	King/Young MTU
	156	SY	Borkumrit II/Apr 2002	Dijkstra/Alden/Munford MTU
	260	SY	Athena/Sept 2004	Beeldsnijder/Dijkstra US/CAT
Vitlers	141	SY	African Queen/2002	Dubois/Redman/Whiteley MTU
	141	SY	Whirlaway/2002	Dubois/Redman/Whiteley

NEW ZEALAND				
Alloy	102	SY	Chimera/Mar 2002	Hood/Owner/Alloy Europe/Lugger
	126	MY	S.O.N./Feb 2003	Dubois/Dubois/Starkey CAT
	134	SY	Harlequin/Oct 2002	Dubois/Redman/Whiteley CAT
	174	SY	Salperton/Nov 2001	Dubois/Owner/Alloy Europe/CAT
Austral	81	MY	Lanakai/May 2002	Peters/TWB Design New Zealand/CAT
• Fitzroy	83	SY	83 Cruiser/Sept 2003	Judel-Vrolijk/Young Europe
McMullen & Wing	112	SY	Ipanema/Jan 2003	Frers/McMullen/Wing Brazil/Lugger
	130	MY	Mea Culpa/Dec 2002	Sarin/Marnell US/MTU
New Zealand Yachts	82	MY	NZY02/Dec 2002	NZY/Freivokh Cayman Islands
	108	MY	NZY01/Dec 2002	White/Freivokh Cayman Islands/CAT
	108	MY	NZY02/June 2003	White/Freivokh Cayman Islands/CAT
NZ Yachting	85	SY	TBA/June 2002	Langan CAT
Developments	94	SY	TBA/Dec 2002	Frers CAT
• Salthouse	92	SY	Lagos/Jan 2003	VPLP/Bonadei Europe/Lugger
Sensation	110	MY	SY21/2003	Barberio/Sensation US/Deutz
	145	MY	SY26/Oct 2003	Cumran/Marshall/ Bahamas/CAT
	163	MY	SY24/Mar 2003	Sensation/Zuretti US/CAT
	168	MY	SY18/May 2002	Overing/Zuretti US/CAT
• Sovereign Yachts	118	MY	TBA/Dec 2002	Setzer/TBA/Sovereign
	135	MY	TBA/Sept 2002	Setzer/Sovereign MTU
	140	MY	TBA/May 2003	Setzer/Sovereign
Venture	80	MY	#002/2003	Loomes/Form US/MTU

SINGAPORE				
• Keppel	394	MY	TBA/2003	McPartane/Winch

SPAIN				
• AstiDeros	145	MY	No Lo Se/Fall 2001	Buytendijk Europe/CAT
de Mallorca	173	MY	Passion/Mar 2003	Beckman/Buytendijk US/CAT

TAIWAN				
• Horizon	80	MY	TBA/2002	MTU
	82	MY	TBA/2001	MAH
	82	MY	TBA/2002	MAH
	82	MY	TBA/2002	MAH
	82	MY	TBA/2002	MAH
	88	MY	TBA/2002	MTU
	88	MY	TBA/2002	MTU
	88	MY	TBA/2002	MTU
	88	MY	TBA/2002	MTU
	88	MY	TBA/2002	MTU
	90	MY	TBA/2002	CAT
	92	MY	TBA/2002	MTU

• = New Addition to Global Order Book Builders

TAIWAN				
Horizon (Continued)	92	MY	TBA/2002	MTU
	105	MY	TBA/2001	MTU
	105	MY	TBA/2001	MTU
	110	MY	TBA/2003	MTU
	116	MY	TBA/2001	MTU
• Ocean Alexander	86	MY	2002	Monk
• Transart	82	MY	Hargrave /2001	Hargrave
	82	MY	Hargrave /2001	Hargrave
	82	MY	Hargrave /2002	Hargrave
	94	MY	Hargrave /2002	Hargrave
	95	MY	Hargrave /2002	Hargrave
	97	MY	Hargrave /2002	Hargrave

TUNISIA				
• WMagic	80	SY	WY 80 /Sept 2002	Fawcett/Luzatti/Deane Monaco/Queen

TURKEY				
Leight-Notika	100	MY	#134/May 2002	Dixon/Marshall/Rosa France/MTU
	108	MY	#135/May 2002	Dixon/Marshall US/MTU
	108	MY	#151/Nov 2002	Dixon/Marshall/Siddine France/MTU
	115	MY	#144/Nov 2002	Dixon/Marshall France/MTU
Protetca-Burgulesa	127	MY	TBA/Nov 2002	Cutolo/Callari England/MTU
	139	MY	TBA/Oct 2002	Cutolo/Callari England/MTU
	174	MY	Turquoise/May 2002	Dubois/Starkey England/CAT
R.B. Derell	108	MY	MA/May 2002	RBD/Sedon/Selldorf Italy/CAT
	127	SY	MuMu/May 2002	Biland/RBD/ACT UK/CAT
	130	MY	Marmara 40/Aug 2003	Fryco/RBD US/CAT
	131	MY	Amen/May 2003	Fryco/RBD/ACT Canada/Lugger
• RMBK	118	MY	Dourless 118/Fall 2001	Fryco/RMBK CAT

UAE				
Golden Yachts	118	MY	Argussea/2002	Mulder/Marshall US/MTU
TBD	525	MY	Platinum	Lurssen/Bohm/Voss/Winch UAE

UNITED KINGDOM				
Canper & Nicholson	121	SY	TBA/Mar 2002	DuBois CAT
• Oyster Yachts	82	SY	Oyster 82/May 2003	Oyster
	82	SY	Oyster 82/2004	Oyster
	82	SY	Oyster 82/2004	Oyster
Pendennis	158	SY	MTSeaAH/Sept 2003	Patrick/Lubowitz/Pritchard US/Paxson
• Princess	84	MY	Princess 84/2002	
Princess (Viking)	84	MY	Viking Sport Cruiser/Sept 2002	Viking/TDI US/MTU
Sunseeker	87	MY	Manhattan 84/Fall 2001	Shead/Sunseeker/Freivokh Europe/MAH
	92	MY	94 Yacht/2001	Shead/Sunseeker/Freivokh US/CAT
	92	MY	Predator 95/2002	Shead/Sunseeker/Freivokh Europe/MTU
	92	MY	94 Yacht/2001	Shead/Sunseeker/Freivokh Europe/CAT
	92	MY	Predator 95/2002	Shead/Sunseeker/Freivokh Europe/MTU
	92	MY	94 Yacht/2001	Shead/Sunseeker/Freivokh US/CAT
	92	MY	Predator 95/2002	Shead/Sunseeker/Freivokh Europe/MTU

Continued on page 98

Top 10 Custom Builders

Yard	Number of Projects	Total Feet	Average Length
1. Benetti	20	2,773	139'
2. Lürssen	8	2,429	304'
3. Feadship	13	2,353	181'
4. Amels	10	1,890	189'
5. Royal Denship	11	1,470	134'
6. Heesen	10	1,285	129'
7. Trinity	8	1,218	152'
8. Perini Navi	6	1,154	192'
9. Burger	8	907	113'
10. Palmer Johnson	6	765	128'

UNITED KINGDOMS (CONTINUED)

Sunseeker (Continued)	92	MY Predator 95/2002	Shead/Sunseeker/Fretvoldh	US/MTU
	101	MY 105 Yacht/2001	Shead/Sunseeker/Fretvoldh	Europe/MTU
	101	MY 105 Yacht/2002	Shead/Sunseeker/Fretvoldh	US/CAT
*Vesper Thornycroft	245	SY Mirabella V/2003	Holland	US

UNITED STATES

Broward	106	MY #553/June 2002	Broward	CAT
	106	MY #268	Broward	CAT
	111	MY #552-Miss Broward/Mar 2002	Broward	3412
	120	MY Signu/Fall 2001	Broward/Benson Dessons	US/CAT
	155	MY #535/2003	Broward	
Burger	88	MY Silver Seas/July 2003	O'Keefe/Burger/Owners	US/MTU
	90	MY TBA/June 2002	O'Keefe/Burger	US/MTU
	107	MY Anne-Marie/Sept 2002	O'Keefe/Burger/Benson	US/MTU
	108	MY Sarah Beth/Fall 2001	O'Keefe/Burger/Owners	US/MTU
	122	MY Lady Grace Marie/Apr 2002	O'Keefe/Burger	
	125	MY ICATU/Sept 2003	Robinson	US/MTU
	127	MY Sis W/June 2003	O'Keefe/Burger	
	140	MY TBA/Sept 2004	O'Keefe/Owners/Burger	US
Christensen	145	MY Primadonna/2002	Christensen/Smith	US/MTU
	150	MY #024/2002	Christensen	MTU
	155	MY #026/2003	Christensen	MTU
Delta	124	MY Intrinsic/Sept 2002	Delta/Intrinsic/Ardeo	US/CAT
	126	MY Exploration/Mar 2002	Delta/Esonosa	Singapore/CAT
	126	MY 126002/2003	Delta/Kirschstein	CAT
	147	MY Gran Finole/Fall 2001	Delta/Espinosa	US/CAT
Denecktor	150	SY K/R Project/July 2003	Frers/Munford	US/CAT
Destiny Yachts	90	MY TBA/May 2002	Arrabito/Marshall/Weiner	US/MTU
	90	MY TBA/July 2002	Arrabito/Marshall/Weiner	DR/MTU
	90	MY TBA/Oct 2002	Arrabito/Marshall/Weiner	US/MTU
	98	MY TBA/Oct 2002	Arrabito/Marshall/Weiner	US/MTU
	102	MY Stupendous/Fall 2001	Arrabito/Marshall/Weiner	US/MTU
	105	MY TBA/Feb 2002	Arrabito/Marshall/Weiner	DR/MTU
	105	MY TBA/Mar 2002	Arrabito/Marshall/Weiner	US/MTU
	105	MY Jolie Four/Sept 2002	Arrabito/Marshall/Weiner	US/MTU
	105	MY TBA/Mar 2003	Arrabito/Marshall/Weiner	US
	135	MY TBA/March 2003	Arrabito/Marshall/Weiner	US/MTU
Hatteras	86	MY TBA/Fall 2001	Hargrave/Hatteras	US/MTU
	86	MY TBA/Feb 2003	Hargrave/Hatteras	US/MTU
	92	MY Soul/Fall 2001	Hargrave/Hatteras	US/MTU
	100	MY TBA/Jan 2002	Hargrave/Hatteras	US/MTU
	100	MY Fine Print/Apr 2002	Hargrave/Hatteras	US
	100	MY TBA/Aug 2002	Hargrave/Hatteras	US/MTU
	100	MY TBA/Nov 2002	Hargrave/Hatteras	US/MTU
* Hargrave (See Taiwan)				
Hodgdon	154	SY Schéherazade/June 2003	King/Winch	US/MTU
* Horizon (See Taiwan)				
Intermarine	120	MY TBA/Jan 2002	Intermarine/de Basto/Hansen	
Savannah			Cross-Buchanan	MTU
	123	MY TBA/Apr 2002	Intermarine/de Basto/Hansen	
	123	MY TBA/July 2002	Intermarine/de Basto/Hansen	
	123	MY TBA/Nov 2002	Intermarine/de Basto/Hansen	
	145	MY TBA/Fall 2001	Intermarine/de Basto/Hansen	
Lazzara	80	MY #51/Fall 2001	Lazzara/De Lashmuit	MTU
	80	MY #52/Nov 2001	Lazzara/De Lashmuit	US/MTU
	80	MY #53/Jan 2002	Lazzara/De Lashmuit	US/MTU
	80	MY #54/Mar 2002	Lazzara/De Lashmuit	US/MTU
	80	MY #55/May 2002	Lazzara/De Lashmuit	MTU
	80	MY #58/June 2002	Lazzara/De Lashmuit	US/MTU
	80	MY #57/Aug 2002	Lazzara/De Lashmuit	US/MTU
	80	MY #58/Sept 2002	Lazzara/De Lashmuit	MTU
	106	MY #10601/2002	Lazzara/De Lashmuit	US/MTU

UNITED STATES (CONTINUED)

Lazzara (Continued)	108	MY #10602/2002	Lazzara/De Lashmuit	US/MTU
* Metalcraft	100	MY Celtic Sono/2002	Metalcraft	CAT
Newcastle	125	MY Newcastle Expedition/June 2002	Dejony/Labeit/de Basto	US/CAT
Northlum	92	MY #8602/May 2003	Monk/Nordlund	US/MTU
	111	MY #10401/2002	Monk/Pokela	US/MTU
	117	MY #10601/Jan 2002	Monk/Burton	US/MTU
North Coast Yachts	84	MY Sailbad the Siner/April 2002	Frederickson	US/MTU
	92	MY Tahahoa/Jan 2002	Frederickson/Owner	US/MTU
	128	MY Lady Val/Dec 2001	Frederickson/Rose	US
North Star	92	MY Candalaria/Fall 2001	Sann	US/CAT
	100	MY Besame/May 2002	Sann	US/CAT
	100	MY TBA/Nov 2002	Sann	US/CAT
	105	MY Princessa/Mar 2002	Sann	US/CAT
Northern Marine	80	MY TBA/Aug 2002	Northern/Ardeo	US/CAT
	127	MY Magic/2002	Setzer/Ardeo	US/MTU
	145	MY #11601/Sept 2003	Setzer/Northern	US/CAT
Palmer Johnson	107	MY Arrowhead/May 2002	Fecsa/PJ	US/CAT
	115	MY #227/Nov 2003	Hunt/Auroclari & Lenard	MTU
	125	MY #236/Nov 2002	Murray	US/MTU
	131	MY #234/May 2003	Vrpack/PJ	CAT
	131	MY #235/Nov 2002	Murray	US/CAT
	156	MY Anson Bell/May 2002	Vrpack/S&S/PJ/Ostale	US/CAT
Rivolta	90	SY Rivolta 90/2002	Sodergran/Rivolta	Yanmar
Roscioli	80	MY #3/June 2002	Hyer/Rockstool/Roscioli	US/MTU
	80	MY/Mango Marv/Fall 2001	Hyer/Rockstool/Bales	US/MTU
	80	MY Patricia/Jan 2002	Hyer/Rockstool/Roscioli	US/MTU
* SeaStar (See Australia)				
Trinity	124	MY Anilla/June 2002	Trinity/Robinson	US/MTU
	141	MY Victory Lane/Fall 2001	Trinity/Robinson	US/MTU
	142	MY Chevy Toy/Sept 2003	Trinity/Robinson	US/MTU
	142	MY Burna/Oct 2003	Trinity/Robinson	US/CAT
	150	MY Imagine/May 2001	Trinity/Bornville	Canada/CAT
	150	MY Mia Elise/June 2003	Trinity/Bornville	US/CAT
	177	MY Seahawk/Fall 2001	Trinity/Bornville	US/MTU
	192	MY Ulyses/Dec 2001	Trinity/Smith/Owner	New Zealand/CAT
Vic Francis's	81	MY Beta Rosa/May 2002	Seaton/Henderson	US/Cummins
* Viking (See UK Italy)				
Westport	98	MY TBA/Oct 2002	Olson/Westport/Marshall/PCI	MTU
	112	MY TBA/Nov 2001	Olson/Westport/Marshall/PCI	MTU
	112	MY TBA/Dec 2001	Olson/Westport/Marshall/PCI	MTU
	112	MY TBA/July 2002	Olson/Westport/Marshall/PCI	MTU
	112	MY TBA/Dec 2002	Olson/Westport/Marshall/PCI	MTU
	130	MY TBA/Feb 2002	Gardner/Marshall/Westport/PCI	MTU
	130	MY TBA/June 2002	Gardner/Marshall/Westport/PCI	MTU
	130	MY TBA/Nov 2002	Gardner/Marshall/Westport/PCI	MTU
Westship	103	MY TBA/Nov 2001	Peters/Westship	MTU
	103	MY TBA/Nov 2002	Peters/Westship	MTU
	143	MY TBA/Nov 2002	Culibo/Younger/Westship	MTU

Top 10 Builders by Average Length*

Yard	Number of Projects	Average Length
1. Lürssen	8	304'
2. Oceanco	3	218'
3. Oceanfast	3	196'
4. Perini Navi	6	192'
5. Amels	10	189'
6. Brisbane Shipyards	3	187'
7. Royal Huisman	3	182'
8. Feadship	13	181'
9. Abeking & Rasmussen	4	175'
10. Yantai Raffles	4	172'

* Note: Yards with a minimum of three boats on order.

* = New Addition to Global Order Book 8/2003

DAVID L. SOKOL
302 SOUTH 36TH STREET
SUITE 400
OMAHA, NEBRASKA 68131

RECEIVED
JUN 19 2002
DIVISION OF
OCCUPATIONAL LICENSING
JUNEAU

June 14, 2002

The Honorable Tony Knowles
State Capitol
P. O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

I would like to bring to your attention a situation which I believe may have been caused inadvertently; however, it has the potential to significantly impact the economy of several southeastern communities in Alaska.

Several years ago I had the privilege of being a guest on a private motor yacht that cruised the waterways of southeastern Alaska, primarily in the areas between Ketchikan, Sitka and Juneau. I, and the other seven guests, had a wonderful time shopping in Sitka and Juneau, fishing and sightseeing in some of America's most beautiful waterways. Following on this experience, two years ago I had the opportunity to purchase my own boat and it was our intention to spend this summer in southeastern Alaska. Unfortunately, when my captain was preparing the cruise this spring he came across *Alaska Statute 08.62.180* which deals with marine pilotage requirements in Alaska. While we are familiar with typical pilotage requirements in other states and countries, this law is unique, in our understanding, in that it essentially requires full time pilotage not just in and out of harbors, but also throughout the waterways. Further, there are no qualification exemptions for demonstrated captain proficiency.

As such, pursuant to this statute we must essentially hire a pilot from one of the two companies providing this service for the entirety of our cruise. I contacted both of these firms in Ketchikan and was informed that the cost would be \$1,400.00 to \$2,200.00 per day depending on our schedule. This would equate to approximately \$72,000.00 for our summer cruise. Because of this requirement we have altered our plans and we are going to spend the summer in British Columbia. This is obviously a severe disappointment given that I am an American citizen.

I do fully understand the need for appropriate pilotage requirements under certain circumstances; however I believe that this statute's lack of flexibility is unreasonable. By way of example, our boat is approximately 135 feet in length and we have three licensed captains as part of our seven-person crew. Our captain is fully licensed to 1600 gross

Page Two
Governor Tony Knowles
June 14, 2002

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tons and is intimately familiar with the Alaskan waterways. Under *AK 08.62.180* those qualifications are irrelevant; however, in British Columbia we received a pilotage exemption in less than two weeks.

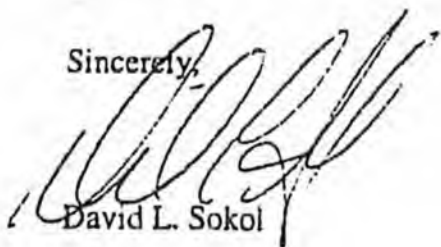
We would recommend to you a change in *AK 08.62.180* to either allow an exemption process for qualified captains or to place a reasonable length limitation (possibly 200 feet or less) exemption for pleasure craft with properly licensed captains. While the statute currently has gross tonnage limitations, I believe you will find such measurements inconsistent and difficult to administer due to the many tonnage conventions utilized in the United States and Internationally.

The real damage caused by making these pilotage requirements unreasonable is to the small towns of southeast Alaska. I have become aware of eleven vessels that have chosen to not cruise in Alaskan waters this summer. I am certain there are others as well. In our own case we would have had 48 guests (6 cruises with 8 guests) over the summer, seven crew living with the boat all summer, fuel, food, fishing licenses, tackle, airline traffic, souvenir shopping, restaurants, cabs, etc. Just our boat alone would have generated over \$250,000 in economic activity in Ketchikan, Sitka and Juneau. If we assume 20 boats avoid Alaska because of unnecessary pilotage requirements, \$5,000,000 of economic activity will be lost.

Please understand, we are fully in favor of proper safety and environmental standards, and we wish for Alaskan waterways to be kept clean and safe for all future generations. Providing reasonable exemptions, as is done throughout the rest of the United States and around the world, will not require these standards to be lessened.

I recognize that since this will require a legislative solution, you cannot resolve this situation for this summer. I hope that something can be done before next spring. Please call me if I can provide additional information, or if I can help you in dealing with this situation.

Sincerely,



David L. Sokol

CC: Peter Christensen, Pilot Coordinator
Board of Marine Pilots
P. O. Box 110806
Juneau, AK 99811-0806

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Representative Nancy Dahlstrom
State Capitol
Juneau, AK 99801-1082

Dear Representative:

I have been asked to provide background information regarding foreign flagged pleasure craft. I am the Safety & Quality Manager at Fraser Yachts Worldwide and the Designated Person Ashore under the IMO's International Safety Management (ISM) Code. I am registered on the Small Ships Group of the Institute of Marine Engineering, Science & Technology (I.Mar.E.S.T.) as a recognised surveyor; Registered with the Engineering Council as an Incorporated Engineer; qualified as an Internal Auditor and am an Associate Member of the I.Mar.E.S.T. Previously, I was a marine engineer officer in the British Merchant Navy and Chief Engineer on large yachts.

Background/Foreign Flagged Yachts

A high percentage of large yachts are registered and flagged under the UK and REG (Red Ensign Group) flags such as the Cayman Islands. These flags have codes of practice applicable to yachts chartering with less than 12 passengers. It provides standards for the construction, stability, safety and manning of large yachts over 24 meters (79 feet) in length and is accepted as an equivalent standard of safety to the requirements of the Safety of Life at Sea (SOLAS) convention (which I understand are the same regulations under which the Alaska Marine Highway System operates.)

The UK also established qualifications specific to such yachts under the UK law that comply with the requirements of International Maritime Organization (IMO) International Convention on Standards of Training, Certification and Watchkeeping for seafarers 1978 as amended in 1995 (STCW95). This sets the internationally recognised standards.

The International Safety Management (ISM) Code, which requires an audited and certified Safety Management System, has been applied to yachts of greater than 500GT in commercial use by these flag states. The ISM Code sets requirements for the management of the operations and emergency planning for the yacht to address the safety of life and protection of the environment. Key factors of the Code include:

- 1) The development of procedures specific to the yacht for operations and contingency plans, including maintenance and inspection;

- 2) the need for a cycle of continual improvement;
- 3) reporting of incidents and hazardous occurrences;
- 4) Internal and External (by the flag state) audits to ensure the effectiveness of the management system; and
- 5) the provision of a Designated Person on shore to provide the link between the vessel and the highest levels of management to ensure the safety of the yacht and protection of the environment.

Present/Future Regulations

While these regulations are applicable to charter yachts, both the codes of practice and the ISM code are minimum standards and are being voluntarily complied with by yachts in private use. And the UK, as well as some other flag states, require that all yachts comply with the manning requirements. These manning requirements stipulate the minimum number, and standard, of STCW95 qualifications to be held by the Master and crew of a yacht. Some flag states have taken the view that all pleasure yachts, whether in chartering or in private only use, must comply fully with the codes of practice.

The IMO has recommended that flag states apply the ISM code to vessels over 150GT and therefore it may be expected that a requirement for some form of safety management system be applied to all yachts over 24 meters (79 feet) that charter.

It may be expected that other flag states will follow suit either in adopting the codes of practice or developing their own similar requirements and voluntary compliance is increasing.

Future Yachting Market

There are new yacht clients who may be expected to look for an area such as Alaska in which to cruise. These would include American guests who have not previously visited Europe and are uneasy in the present situation to do so; first time charters who wish to remain closer to home; and persons who have previously visited the usual charter destinations within Europe and the Mediterranean and are searching for cruising areas outside of those habitually frequented.

In terms of economics, it's been estimated that thousands of persons working ashore depend upon the business generated by the yachts while based in the Mediterranean. As a rough estimate, for example, of 15 yachts, the budgets range between 1.9 and 9 million dollars each annually. Should Alaska welcome these yachts, it may provide a mutually beneficial partnership.

Alaska Marine Pilot Statutes

There have been a number of motives presented to justify the requirement that foreign flagged yachts must carry a pilot. The issues of safety of navigation, protection of the environment, and security are all legitimate concerns which should be balanced against the current international licensing and training requirements of the private master and crew. The actual advantage to the state of the requirement to carry a pilot should be weighed against the potential economic benefit to the coastal

communities, not just at the present time but also as the yachting industry expands and seeks less crowded cruising grounds and more adventure.

Situations may arise in which having a pilot aboard causes problems for a yacht owner. There is the possibility that a guest or crew member could not remain onboard due to the limitation on the numbers of persons who may be carried as limited by the available Life Saving Appliances (LSA). Tensions may arise when a pilot is placed onboard for a cruise of many weeks with tightly knit crew who works together eleven months of the year.

Scheduling problems may also present themselves. Simply put, in complete contrast to a cruise ship or merchant ship, most yachts do not have a fixed schedule or a timetable to keep to. This is due to the fact that they are used for pleasure, to go where the guests wish to go at any time. Even where there is a rough schedule it is often not publicized as this provides some small measure of security and confidentiality to the guest. Navigational standards will mean that a passage plan is prepared but this may only be for the next part of the voyage.

I do not believe that anyone will object to carrying a pilot onboard where there is a need to do so. If the requirement to carry a pilot is restricted to certain areas where the risks of navigation require local knowledge and experience in addition to the good seamanship that most yacht's Masters possess, the expense would not be unreasonable.

Safety of Navigation

While discussing changes to Alaska pilotage laws, yachts have been compared to large cruise ships and freighters. While the gross tonnage of a large yacht may seem impressive, these yachts are more easily navigated and are regularly maneuvered by their Master's & crews into tight anchorages or small harbors. The Master and crew are experienced in handling the yacht and are increasingly qualified in compliance with STCW95 even where not required. The standard of their navigational, communications and safety equipment is usually extremely high. This is in keeping with the high standard implicit in yachting and the general desire to have the latest cutting edge technology.

The yacht always remains the responsibility of the Master who will be intimately familiar with his yacht. The pilot may only advise the Master and may not be expected to be familiar with the maneuvering abilities of the yacht, especially when compared to what might be considered a similarly sized merchant or cruise ship.

Homeland Security

Yachts in legitimate use could not be considered a threat to the security of the USA or Canada. The requirements of the INS and US Customs for clearing into the USA and the ability of the USCG to board and inspect vessels entering or within US waters at any time should be sufficient to prevent this. Should a yacht be hijacked for any purpose, it is most probable that the managers or contacts ashore would be very swiftly aware of a problem before it could pose a threat to another target.

With regards to ensuring that the crew are both competent and pose no threat to the yacht or guests, the community of yacht crew has always been relatively small and references easily checked. Despite this, in-depth personal background checks are becoming more common.

Next year, the ISPS (International Ship & Port Facility Security) Code will, as part of its requirements, necessitate that a Security Survey is carried out on the vessel; that a Ship Security Officer is appointed as well as a Company Security Officer; and, that a Ship Security Plan is implemented. This security plan may be expected to be in two parts: one available for inspection of the authorities, and the other part detailing more confidential procedures and emergency contingency plans for the vessel. Again, private as well as charter yachts may be expected to implement compliance with this.

On the other hand, given the wealth of the individuals that may be onboard a yacht, either as owners or as guests, there is a higher possibility of a threat to the yacht and its crew and guests. It is also common practice that the name(s) of the owners or guests are not revealed. Confidentiality agreements are required and executive protection services are often engaged to ensure the security of the guests.

Protection of the Environment

Yachts carry marine gas or diesel oil as fuel, but it should not be compared, either in quantity or likelihood of a spill, with a cruise ship's fuel tanks or merchant ship cargo of heavy fuel. Shipboard Oil Pollution Emergency Plans (SOPEP) approved by the flag state for are required on yachts over 400 GT. Many of these yachts are equipped with oil booms and absorbent sweeps. For insurance purposes, they are also required to have a US Certificate of Financial Responsibility [CoFR] and Water Quality Insurance Syndicate cover [WQIS] to provide funds and equipment to clean up any spill.

Marine Pilots/Defence for Safety & Security

As a line of defense against terrorism or criminals, a single unarmed pilot would be unlikely to be able to pose any deterrent. In order for a pilot to be able to evaluate the safety of a vessel, the pilot should be trained in vessel inspections so as to inspect all areas of a yacht to determine the existence of a possible threat.

Given the requirement for privacy of the owners, I doubt this opportunity would be offered. Standard operational procedures at the moment, and Ship Security Plans in the future, will probably mandate that the pilot be escorted from the boarding point by way of outside stairs to the bridge and that the pilot not be permitted access to those areas where there is no necessity to go. Pilots may also expect to be asked to be searched for weapons and confirmation of identity prior to boarding.

Conclusion

The purpose of the pilot is to ensure that local knowledge and experience is made available to the Master of a vessel to ensure its safe navigation and to avoid any risk of damage to the environment. Pilots should be engaged to provide this expertise where it is necessary and not with secondary missions for which they are not trained, able to undertake, or which may detract from their primary purpose. They should not be tasked with safety inspections, which are best carried out by USCG on arrival within the US or by occasional boarding, or with security issues, which may be best carried out by the USCG, US Customs and INS.

Yachts have excellent safety and navigational equipment; are highly maneuverable; and have experienced crew. The UK and other flags require qualifications to STCW95 standards, unlike US regulations that exempt USCG license holders from requiring STCW95 endorsements if they operate only within US waters. A Safety Management System that is audited and certified by Classification Societies and/or the flag state will provide a means of self-regulation that will ensure that standards of safety and protection of the environment are met more efficiently than by enforcement.

I would propose not setting an upper limit for an exemption, but operating on a case-by-case risk assessment scale to determine the appropriate application of exemptions. The determining factors could be based on the yacht's flag and Classification Society, as well as the qualifications of the crew, compliance with the MCA code of practice, and ISM compliance. A key part of this procedure would be the initial USCG safety inspection on arrival.

Other key requirements to assist in a change in the pilotage regulations could be as follows:

- a. Masters undergoing familiarization training and practical assessment with the pilot for a period of time;
- b. Mandating certain pilotage areas be designated where dangers to navigation require and with pilotage areas sized for different sizes of yachts;
- c. use of automatic position reporting via INMARSAT (Standard C or D+ terminals are required and the D+ unit may be very easily fitted to yachts on a temporary basis for a minimal cost);

Thank you for allowing me to comment. I hope you have found this information of value as you review changes to your state law.

If I may provide further clarification, I will be please to do so.

Sincerely

A handwritten signature in black ink, appearing to read "Derek Smith", with a long horizontal flourish extending to the right.

Derek Smith, I.Eng., A.M.I.Mar.E.S.T
Safety & Quality Manager / DPA

Fraser Yachts Worldwide
Yacht Management Department
1800 SE 10th Ave, Suite 400
Ft Lauderdale
FL 33316

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U.S. Department
of Transportation

United States
Coast Guard



Commander
17th Coast Guard District

P.O. Box 25517
Juneau, AK 99801
Staff Symbol: (m)
Phone: (907) 403-2802

16712

MAR 6 2008

The Honorable Gene Theriault
State Capitol Building
Juneau, AK 99801


Dear Mr. Theriault:

I wanted to take the opportunity to applaud your efforts to permit an orderly process for exempting Canadian warships and Coast Guard vessels home-ported in British Columbia from state pilotage requirements. We support this reciprocal agreement and believe it will only serve to improve the important relationships we share with our Canadian neighbors.

I also would like to take this opportunity to respond to requests for my comments on state legislative discussions of easing pilotage requirements for foreign pleasure vessels. The current statute requires a pilot for vessels 300 gross tons and over. Proposals have been made to increase that tonnage exemption, effectively allowing larger vessels the opportunity to transit Alaskan waters without a pilot. These are matters of state interest over which the Coast Guard has no authority but about which I do have concerns. Vessels greater than 300 gross tons are large and can pose serious risks to the safety of navigation and the environment. Removing pilots from these vessels could dramatically impact vessel safety since local knowledge and experience are a key component of safe navigation. Having a pilot onboard helps prevent groundings and subsequent environmental damage. Their presence facilitates communications during vessel passages in the narrow waters of Southeast as well. By their presence onboard during vessel operations, the pilots are also in a unique position to alert the proper authorities if there are indications the vessel or crew may present law enforcement or homeland security concerns. Finally, the pilot's local knowledge helps with sensitive property and territorial concerns, distinguishing between local, federal and tribal areas. This type of overall awareness prevents accidents in the first place and helps mitigate them when they do happen. It cannot be replaced by a foreign crew, a transponder, or a float plan. We appreciate the service and performance of your state pilots and recommend their continued presence on foreign pleasure vessels 300 gross tons and over.

Again, I recognize these are state interests and appreciate the opportunity to present my concerns as part of our cooperative relationship. I trust all will go well with the remainder of your session. Please contact myself or LT Matt Jones of my staff at 907-463-2309 if we may be of further assistance on these matters.

Sincerely,


J. W. UNDERWOOD
Rear Admiral, U.S. Coast Guard
Commander, Seventeenth Coast Guard District

Copy: The Honorable Fred Dyson
The Honorable Gary Wilken
Mr. Joseph W. Geldhof, Esq.



HAINES BOROUGH, ALASKA,
P.O. BOX 1209
HAINES, AK 99827
(907) 766-2231 * FAX (907) 766-3179

COPY

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Re: Private Foreign-Flagged Yachts

Dear Senator Therriault:

On behalf of the newly-formed Haines Borough, I would like to add my support to a proposal to change a state law that could help the economy of our small community. I am referring to the current attempt to put a waiver system in place to allow private foreign-flagged yachts to cruise in Alaskan waters without a marine pilot aboard.

Haines has felt the devastating effects of a general downturn in our economy for many years. With the loss of the timber industry and the low return for our fisheries resources, we have turned to tourism as one way to help rebuild our community. The impact of the spending by guests and crew on these large yachts in a small coastal community such as Haines cannot be overstated.

Haines is open for business and we welcome any changes in state law that will help bring new customers here. Thank you for your consideration of these changes. They could have a very positive impact on the economy of our community.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry Lapp".

Jerry Lapp
Deputy Mayor
HAINES BOROUGH



THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

April 14, 2003

Representative Nancy Dahlstrom
State Capitol
Juneau, AK 99801-1082

RE: HB 251-exemptions from marine pilotage for certain yachts

Dear Representative Dahlstrom:

The City of Whittier would like to add its support for HB 251, legislation that could help strengthen our economy by encouraging large yachts to come to Alaska. I am referring to the law that currently dissuades private pleasure craft from cruising in our waters by mandating that they employ a marine pilot while they are in Alaska.

Whittier has a large harbor and facilities to accommodate these desirable visitors. We are hoping to become a tourism destination in the future and would like to do all we can to persuade yachts of all sizes to visit our community. The state should also be doing all it can to attract this new money to our coastal ports, especially during these times of financial uncertainty. The city and small businesses can both benefit from the revenue brought to Whittier by these desirable independent tourists.

The City of Whittier is open for business and is always exploring new ways to draw people to our community. If passed, HB 251 will help greatly in that effort.

Sincerely,

A handwritten signature in cursive script that reads "Rick A. Johnbaum".

Rick A. Johnbaum, Manager
City of Whittier

Cc Rep. Mike Hawker



**CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY**

OFFICE OF THE MAYOR

Telephone: (907) 586-1340; Fax: (907) 586-2344
Sally.Smith@ci.juneau.ak.us

February 10, 2003

The Honorable Gene Theriault
President of the Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Mr. President:

Over the past few years Juneau has invested heavily to upgrade our docks and harbors. Part of that effort has included the development of a more hospitable welcome to private yachts. As a longtime tourist destination, we understand the economic opportunity derived from these vessels. Benefits accrue both to the city, through docking fees, and to many small businesses that offer goods and services to the owners, passengers, and crewmembers.

It is my understanding that there is currently a proposal to change state law to allow large, foreign flagged private yachts to travel in Alaska without marine pilots. Juneau endorses that change, believing it will encourage more yacht traffic.

Given the current situation, we are losing a portion of potential business from this affluent group, all because of a basically unenforceable state law. We just cannot afford to lose such lucrative business to other coastal states.

Your consideration of this issue will be greatly appreciated. The commerce is important to all coastal communities.

Sincerely,

Sally Smith
Sally Smith
Mayor



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

February 12, 2003

The Honorable
Senator Gene Therriault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Changes in marine pilotage laws re: foreign flagged yachts

Dear Senator Therriault:

The City and Borough of Sitka would like to join other SE communities in supporting a statutory change that would allow certain pleasure yachts to travel in Alaska without marine pilots. Facilitating a boost to our economy while maintaining safety and environmental standards is what I feel most residents of Sitka could support.

As you know, Sitka is still in the process of redefining itself after many decades with a primarily resource-based economy. Fortunately for us, as the timber industry was receding in our area, the tourism industry in Alaska was developing. Although we are taking a very deliberate look at how this industry should progress in our community and how any changes may affect our citizens and their way of life, it is generally agreed that many opportunities for local businesses and residents may be tied to the tourism industry.

As a port community, we realize the positive financial impact visitors aboard these large yachts can have in Sitka. Some yachts currently use our port as their home base during their summers in Alaska. It makes sense to allow these vessels; and their foreign flagged counterparts, to travel freely in Alaska without another marine pilot aboard, as long as competent and experienced masters are in charge. As this pilotage law has never been enforced, it only makes common sense to change the law to reflect the actual reality of today's yacht cruising public.

I would appreciate your support for legislation that removes this barrier to commerce in Sitka and other coastal communities of Southeast. Thank you for your consideration of this issue.

Sincerely,

Fred Reeder
Mayor



**City of
Ketchikan**

334 Front Street
Ketchikan, Alaska 99901
Phone 907-225-3111
Fax 907-225-5075

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Statutory change regarding requirement for marine pilots on large yachts

Dear Senator Therriault:

I am writing regarding the above-referenced subject. I am generally in support of a statutory change, which would allow large noncommercial private yachts to travel in Alaska without marine pilots to the extent that safety and other issues are not compromised. I would, however, want to see specific legislative language prior to endorsing a particular concept.

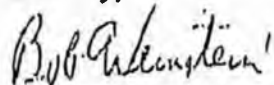
As you know, Ketchikan's economy has been hard hit by the decline in the timber industry, as well as by the challenges currently facing the fishing industry. Fortunately, on the other hand, our tourism industry is continuing to provide economic opportunities for local businesses and residents.

Ketchikan is in the process of completing a comprehensive development plan for our port and harbor facilities. I believe that this will result in a number of improvements in our infrastructure to better accommodate various classes of vessels, particularly including large yachts, and thereby enhance our economy. I also believe that, in addition to the goods and services that yacht passengers and crew might typically spend while visiting a community, we will be in a unique position to perform routine vessel maintenance/repair as the capacity of our shipyard increases.

In closing, I would appreciate your support for legislation that removes barriers to vessel traffic through an appropriate mechanism which can be supported by concerned parties, including marine pilots and yacht owners.

Thank you for your consideration of this issue.

Sincerely,



Bob Weinstein
Mayor

Southeast Conference

P.O. Box 21989 Juneau Alaska 99802-1989 Tel. (907) 463-3445 Fax (907) 463-5670

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 107
Juneau, AK 99801-1082

Re: exemptions from marine pilotage statutes for large yachts

Dear Senator Therriault:

On behalf of the Southeast Conference we would like to voice out support for changes to state pilotage laws to allow private foreign flagged yachts up to 200 feet in length, to cruise in Alaskan waters without a marine pilot aboard. Current law requires foreign vessels over 300 tons to employ a state licensed marine pilot from one of the pilot associations. These associations are quite busy in the typical summer season, servicing the large contingent of cruise ships that deploy in Alaska. It is appropriate for these ships to have state licensed pilots aboard, as they are quite large, operate largely at night, and have much greater potential for significant damage to other shipping, and the environment. We believe that the language in the current law reached too far down in size to a ship type for which the perceived protection to state waters is out of scale related to its costs and inconvenience to the vessels. Adding the pilotage requirement on a 300 ton motor yacht in the same fashion as on a 100,000 ton cruise ship, adds about \$1800 per day in fees, plus the costs to carry an extra, unfamiliar person on what is usually a pleasure charter. On these yachts, a pilot is typically underutilized, as these vessels operate with a much more relaxed itinerary, daytime cruising, and with longer stays on anchor and in port calls. Because of the added costs, and especially the burden of eliminating a berth in very limited capacity vessels, charterers are motivated to cruise elsewhere around the world, to the detriment of our port communities and businesses who could benefit from this traffic. The State of Washington currently allows waivers to State pilotage requirements for this type of vessel, so they are getting some of the business that would otherwise come to our state.

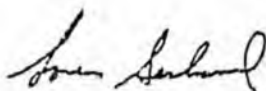
Southeast Conference members include representatives from most Southeast community governments and Chambers of Commerce, visitor's bureaus, non-profits, utilities, businesses, and concerned citizens. (We currently have over 100 members, including 28 communities, 9 Chambers of Commerce, 9 Native Organizations, 18 non-profits and community organizations, and 9 transportation organizations.) Our goals include developing strong economies, improving the region as a good place to live and work, and encouraging and assisting in responsible development in the tourism sector.

Southeast Conference

P.O. Box 21989 Juneau Alaska 99802-1989 Tel. (907) 463-3445 Fax (907) 463-5670

We would appreciate it if you could review the language in the Alaska Marine Pilotage Act, passed in 1995, with a mind to possible changes that could resolve what we think was an unintended consequence. We believe it is in the best interests of our member communities, and for commerce in our state, with minimal impact on the level of protection to our waters. We are hopeful you can initiate legislation to either change this law, or allow the relevant agencies to grant waivers. We stand ready to support these changes in whatever manner you consider appropriate.

Sincerely,



Loren Gerhard
Projects & Policy Director
cc: Amy Wachman, Kate Tesar

**Douglas Island Pink and Chum, Inc.**

2697 Channel Dr. • Juneau, Alaska 99801

Telephone: (907) 463-5114 • Fax: (907) 463-3213

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

February 10, 2003

Dear Senator Therriault:

As the Executive Director of the Douglas Island Pink and Chum Corporation (DIPAC) in Juneau, I am writing to support a change in Alaska law that will allow large private yachts to travel into Alaskan waters without an additional marine pilot aboard.

As the main producer of enhanced salmon for the communities of northern Southeast, we are very aware of and concerned about issues affecting sport fishing in the inside waters. We produce salmon for sport and commercial fishermen, as well as the expanding local salmon charter business. Although most of our operating funds are earned in a traditional manner through cost recovery of our fish, a percentage of our expenses are covered each year by money brought in through the tourism attraction attached to our hatchery. We host over 100,000 visitors at our facility each summer, with a growing number originating from non-cruise ship travel.

We in Juneau understand the economic opportunity associated with independent travelers to Alaska. The cruiseships provide the majority of our client base, but locals, their relatives and other tourists visiting Juneau have a significant impact. The money spent in our community by developing the private yacht industry is welcome and needed. I am in total support of any changes in statute which will increase the traffic to our area by these desirable tourists. It is my understanding that the current law has never been enforced, and this is all the more reason to investigate changes at this time

Thank you for your consideration of these changes in statute which benefit all the coastal communities in Southeast Alaska

Sincerely,

A handwritten signature in black ink that reads "Jon Carter". The signature is written in a cursive, flowing style.

Jon Carter
Executive Director



3100 Channel Drive, Suite 300 • Juneau AK 99801
(907) 463-3488 • Fax (907) 463-3489

February 12, 2003

Senator Gene Theriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator Theriault:

As the Executive Director of the Juneau Chamber of Commerce, I would like to add the support of our organization for a change in Alaska statutes that will allow additional private yachts to travel into Alaskan waters without a marine pilot aboard.

Although Juneau is enjoying a stable economy at this time based on a combination of government and private employment and summer tourism positions, other areas of Southeast are not as lucky. In communities where timber and fish were once the mainstays, the tourism industry is becoming an important partner. In Juneau, a community which hosts nearly one million visitors a year, we have long understood the value of these independent travelers to our economy.

As you may know, a private sector group in Juneau is in the permitting stage for construction of a new dock to provide additional moorage space for yachts, small cruise ships and lightering vessels. There is no better way to gage business opportunities than by those who are willing to invest in the infrastructure of our community.

The Chamber supports the efforts by Alaska Yacht Services and Provisioning to change this state law which significantly discourages yacht visitation. Without an amendment to the current marine pilot regulation that states that "all pleasure craft foreign flagged must hire a state marine pilot onboard," Southeast Alaska is missing out on a wonderful economic opportunity. Please consider this change in direction that will help stimulate the economy for many small businesses in Juneau, as well as throughout Southeast and coastal Alaska.

Thank you for your consideration of this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie Parsons", written over a horizontal line.

Jamie Parsons
Executive Director
Juneau Chamber of Commerce

CC: Governor Murkowski



Greater Ketchikan Chamber of Commerce

P.O. Box 5957, Ketchikan, Alaska 99901

(907) 225-3184 • FAX: (907) 225-3187

February 20, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, Alaska 99801-1082

Dear Senator Therriault,

I would like to add the support of the Greater Ketchikan Chamber of Commerce for the current efforts to change Alaska law to allow private yachts registered outside of the US, to travel into Alaskan waters without a marine pilot onboard.

In Ketchikan, the tourism and maritime support industries are important economic sectors. Although cruise ship passengers provide the main economic engine for our visitor industry, our member businesses understand the value of attracting the independent tourists arriving in our city by yacht. Ketchikan's maritime industries are prepared to support the sophisticated vessels that comprise this unique fleet of privately owned ships. The impact of spending in our community by this growing sector of the yacht industry cannot be overstated.

The Chamber supports the efforts by yacht owners, communities and other small businesses to change this state law, whose only effect has been to stifle commerce. It is our hope that the groups working on this issue, including our local marine pilots, will be able to reach a compromise allowing all yachts to safely travel in Alaska.

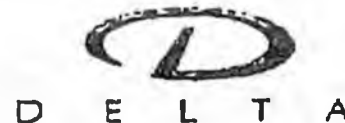
Please consider this change that will help stimulate the economy for many small businesses in Ketchikan, as well as throughout Southeast Alaska.

Thank you for your timely consideration of this matter.

Sincerely,

Doug Ward
President

Greater Ketchikan Chamber of Commerce



February 5, 2003

Senator Gene Theriault
Senate President
State Capitol
Juneau, AK 99801-1182

Dear Senator,

Delta Marine, located in Seattle, Washington is a manufacturer of custom luxury yachts with a complete refit & repair division. Our operation builds and services yachts of up to 225-foot and 1300 gross tons for a global clientele.

Many of our customers look forward to cruising Alaska when departing from Delta. However, several recent customers have decided to cancel their Alaska trips due to the stringent pilotage requirements of the State of Alaska. This affects Delta and our community as well as the waterfront communities of Alaska.

The following are three cases in particular that I wanted to bring to your attention:

- The 151' *Sally Ann* (498 gross international tonnage), after completing a five-year circumnavigation in 2001, returned to Delta for some routine maintenance work. The last leg of their amazing journey was to take them to Alaska. However, due to the rigorous pilotage requirements of the State of Alaska they canceled their trip and headed south instead.
- The 165' *Georgia* (381 gross international tonnage), is yet another a foreign flagged yacht that had plans to cruise Alaska. This story is unique, as this yacht sailed from the Mediterranean for a complete re-paint at Delta in 2002, as well as the opportunity to cruise the beautiful waters of the North Pacific. Once here, they were made aware of the strict pilotage requirements and too, canceled their plans to cruise to Alaska.
- Finally, the 126' *Andrea* (456 gross international tonnage), is a tough, seaworthy expedition yacht due to be delivered by Delta late this spring. Delta has quickly become known around the world for building these types of yachts and this client has come from Europe to Seattle to build. Although they would like to spend the summer cruising Alaska, taking this yacht to the far places it was built to see, they are planning to cancel their cruise to Alaska, again due to the strict Alaska pilotage requirements.

This is an issue that will continue to affect Delta, our customers, and the coastal communities of Alaska. We believe that changes to the law should be addressed as part

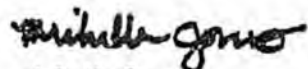
DELTA MARINE INDUSTRIES
1608 SOUTH 96TH STREET
SEATTLE, WASHINGTON 98108 USA
T: 206.769.4383 F: 206.762.1627

of your current work on SB 20, the Board of Marine Pilots extension legislation. The requirement for pilotage of yachts should be thoroughly reviewed, with a goal of eliminating or narrowing this requirement.

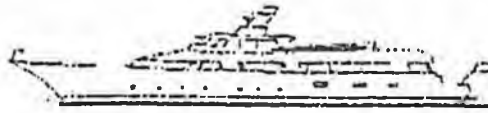
The large yachts Delta builds and services are well maintained and well run. As a group, these yachts have an outstanding safety record. Removal of the pilotage requirement for these private pleasure craft is consistent with both maintaining environmental protection and encouraging economic opportunity, as well as standardizing marine pilotage law along the entire coastline from Washington to Alaska.

Your attention and efforts are appreciated. If I can be of any further assistance or answer any questions please let me know.

Sincerely,



Michelle Jones
Marketing Manager



M/Y ALLIANCE

PACCAR Inc
P.O. Box 1918
Bellevue, WA 98009
(425) 453-2529

Skip Sethmann, Captain

Lloyd Harris, Engineer

February 6, 2003

Senator Gene Theriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator Theriault:

I am writing to you in my position as the captain of the M/Y Alliance, a 136ft American flagged private yacht homeported in Seattle. Although my vessel is exempted from the current Alaska marine pilotage laws, I would like to add my support to the effort underway to expand this exemption to allow larger foreign flagged yachts into Alaska waters without an additional marine pilot.

I have two years of experience cruising in Alaska, and have sailed in nearly every body of water in the world. With a crew of four and eight guests, the economic impact of a visit from our yacht is a significant one. We regularly take on 12,500 gallons of fuel during a typical season. Our crew and guest eat in local restaurants on an average of 5 nights during a 3 week trip and shop heavily whenever we are in port. I would estimate our spending during a normal cruising season to be in excess of \$100,000. in the communities visited by our vessel.

I have recently had contact with other captains and owners who are in the process of making alternative cruising plans because of the restrictive pilotage regulations in Alaska. It is unreasonable to expect them to accommodate an additional and unknown crewperson for the length of time they generally spend on a cruise in Southeast. Owners typically keep their yacht and crew on 24 hour standby, as to be available to ship out within a period of a few days or less. This also contributes to the impracticality of hiring a marine pilot. It is my understanding that the pilot organization in Southeast prefers to schedule their trips many weeks, if not months, in advance. It must be very hard to accommodate our yachts that are required to notify them only 48 hours in advance of entering a pilotage region.

As this law has never been enforced, it is serving only to impede commerce in Alaska. Thank you for your consideration of these changes. I look forward to visiting your beautiful state again in the near future.

Sincerely,

Captain Skip Sethmann



Motor Yacht Mi Gaea

20 February 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator,

As the Master of the Motor Yacht Mi Gaea, I had the opportunity to operate the yacht for her owners in the beautiful waters of Southeast Alaska during the summer of 2002. This is my second voyage in Alaskan waters, and by far, the most extensive. During this second trip, I became aware of the little known regulation regarding the compulsory use of a marine pilot aboard yachts while cruising Alaskan waters. Further, I understand that there is currently an effort underway to modify the regulations by providing for an exemption to the pilotage requirements for qualified yachts and captains. It is this subject I wish to address.

The Motor Yacht Mi Gaea is a Cayman Islands registered private yacht, 158 feet in length and 476 Gross Registered Tons displacement. We carry as many as 12 guests in the owner's party and a full time crew of 12. The past summer we spent approximately 50 days underway with owners and their guests, and all of the fuel, provisions, supplies, and equipment required to supply the vessel for that period were purchased in Alaska. In addition, we hired aircraft, fishing guides, buses, rental cars, and frequented many restaurants.

Also associated with many of the larger private yachts are the private aircraft that bring the guests to the vessels. This generates revenue in aircraft fuel, landing fees, and fees charged by Fixed Base Operators at airports.

I conservatively estimate that this yacht and her guests spent in excess of \$200,000.00 in the 3 months we were in Alaska. In my experience, this revenue and the activities that generated it are of low impact to an area. We certainly don't generate the revenues the cruise ships do, but neither do we bring the hordes of people that inundate some of your port cities at times.

I would like to plan more visits to Alaska, and encourage my fellow captains to do so as well. However, the pilotage requirement for yachts as currently written, will prevent me and many of my colleagues from doing so.

MI GAEA LTD.

Box 268, Bank of Nova Scotia Building, Georgetown, Grand Cayman, British West Indies
Satcom Tel: (871/874) 331-948222 • Satcom Fax: (871/874) 331-948234
U.S.A. Contact Address : 5 Hog Island Road, Philadelphia, PA 19153
Email: Captain@MiGaea.com



Page 2

The nature of the operation of yachts is simply not compatible with the pilotage system. Our owners and guests make or change plans with very short notice, sometimes only hours. I don't believe that the pilotage system of any area can respond that quickly. I might add that with the exception of the Panama Canal, yachts are generally not required to carry pilots.

My suggestion is to pattern an exemption for yachts similar to what the State of Washington has done. Prior to entry into the pilotage area, a yacht captain is required to identify his experience in the waters of the Puget Sound, identify communications and navigation equipment aboard, and identify crew members and their experience. This, in addition to the required Alaska State Water Pollution insurance coverage, which has its own equipment requirements, should provide for safe navigation and the continuation of this valuable commerce.

Most Sincerely,

A handwritten signature in cursive script that reads "Mark A. Howard". The signature is written in dark ink and is positioned above the typed name.

Mark A. Howard, Master

Motor Yacht Mi Gaea

United States Merchant Marine No. 881 518



Juneau Economic

Development Council

February 12, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Re: exemptions from marine pilotage statutes for large yachts

Dear Senator:

I am writing on behalf of the Juneau Economic Development Council (JEDC) to voice our support for changes to state pilotage laws to allow large, private foreign flagged private yachts to cruise in Alaksa waters without a marine pilot aboard.

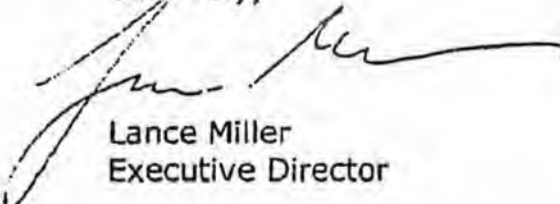
The JEDC works to enhance quality of life by actively promoting economic diversity and sustainable development in all of Southeast Alaska. We assist businesses in creating family-wage jobs with our business counseling and loan programs, as well as serving as the Overall Economic Development Planning agency for the City and Borough of Juneau.

It is a goal of JEDC to work with residents of Juneau and Southeast Alaska to help utilize our natural, cultural and intellectual resources wisely in order for our economy to be competitive in a national and international market place. The challenge is to help create family-wage jobs in a sustainable economy while at the same time maintaining our unique quality of life.

Tourism has now become one of the main economic engines in SE Alaska for communities that had previously relied only on resource development. It is my understanding that many coastal communities are missing out on the economic opportunity brought about by the visitation of independent visitors aboard these yachts. If a change in state law can help stimulate these areas towards an improved economy, we are committed to supporting this effort.

Thank you for addressing this important economic issue.

Sincerely,



Lance Miller
Executive Director

Diversifying our Economy • Assisting Business Development • Enriching our Quality of Life

612 Willoughby Avenue, Suite A • Juneau, Alaska 99801-1732

Tel 907-463-3662 • Fax 907-463-3929 • Toll Free 888-393-3662 • www.jedc.org

**SEDA****SITKA ECONOMIC DEVELOPMENT ASSOCIATION**
329 Harbor Drive, Suite 212 * Sitka, Alaska 99835 * (907) 747-2660 * fax (907) 747-7688 * www.sitka.net

February 12, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1182

Senator Con Bunde, Chair
Senate Labor & Commerce
State Capital
Juneau, AK 99801-1182

RE: Senate Bill 20 – Alaska Board of Marine Pilots

Dear Senators Therriault and Bunde:

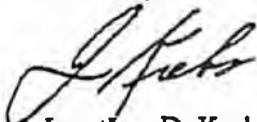
The Sitka Economic Development Association would like to encourage your amendment of Senate Bill 20 to allow an exemption of private boats up to 500 tons from requiring a pilot be aboard the boat.

Over the last 10 years, Sitka has made a concerted effort to build the number of visits of private yachts to Sitka. This is good economic development and has provided needed dollars to Sitka's economy. Without the exclusion, these boats have made it quite clear they won't travel Southeast Alaska waters if they have the heavy expense of having a pilot aboard for the voyage. In addition, many boats of this size don't have the space for a pilot.

Placing a pilot on a private pleasure yacht for safety reasons would be duplicating what insurance companies are already doing to assure the safe operation of a boat. Insurance companies require the owner of a large yacht to name the captain of the vessel and then evaluate the experience and/or skills this person has to operate such a boat. Once the insurance company has sufficient confidence the named captain can indeed operate the boat, the policy will then name that person as the only master of the boat.

The importance of the private yacht industry to Sitka can't be overstated. Please give serious consideration to the exemption being requested.

Sincerely,



Jonathan D. Krebs, CEcD
Executive Director

Cc: SEDA Board of Directors
John Litten

Miss Scarlett's Greenery

124 Seward Street Juneau, Alaska 99801 907-586-1766 Fax: 907-586-6545 800-586-1767

February 10, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator Therriault:

As the co-owner of a local, family owned business that depends on Juneau's summer visitors for our economic viability, I would like to add my voice of support to a change in Alaska's marine pilotage laws to allow large pleasure yachts to operate without additional pilots aboard while in our waters.

Although Miss Scarlett's Greenery enjoys a steady local business during most of the year, I can truthfully state that the income we derive from independent yacht traffic is crucial to our bottom line. It makes the difference between having a great season and having one in which we wonder how we'll make it through the very slow fall and winter until the legislature arrives.

We are one of many small businesses in Southeast that wouldn't typically come to mind when you think of these affluent visitors. But we supply a product that can only be enjoyed while fresh, not unlike produce, dairy and meat, which must be purchased while in port.

Please bear in mind the impact your decision will have on our livelihood. Alaska is the destination of a lifetime for many of the customers we come in contact with each summer. The government should be doing all it can to attract these desirable visitors to our state, especially during these times of economic uncertainty.

Thank you for your consideration of this issue. Please let me know if you would like any further information regarding our reliance on this important sector of the tourism industry-but please call after Valentine's Day.

Sincerely,



Samra Green
Co-owner
Miss Scarlett's Greenery

Summit Restaurant/Inn at the Waterfront
455 South Franklin Street
Juneau, AK 99801
Phone 907-586-2050 Fax 907-586-2999
E-mail: AN1898INN@AOL.COM

February 12, 2003

Senator Gene Therriault
Senate President
State Capital
Juneau, AK 99811-3100

Dear Senator Therriault:

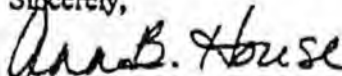
As the long time owner of a small hotel and restaurant in downtown Juneau, I am supporting a change in Alaska's Marine pilotage laws to allow large pleasure yachts to operate without additional marine pilots while in Alaska. I cannot stress strongly enough the impact the private yacht traffic has on my business.

The Summit Restaurant and the Inn at the Waterfront is one of the few businesses on the South end of Franklin Street that stays open throughout the winter months to better help serve our visitors and legislative friends from all over the state. Many companies in the downtown area enjoy business brought from all sectors of our cruise ship industry. As you may know when passage is booked on one of the larger cruise ships, all meals are included. (As are the midnight buffets the ships are so famous for!). For this reason, the independent visitor traffic is of the utmost importance to my economic viability.

The amount of money that is spent these yachts in a community can be staggering. I have witnessed this first hand on numerous occasions. It would seem that the legislature should do all it can to attract these desirable tourist to Alaska; ones that spend freely and leave no negative impacts behind.

Thank you for your consideration to these charges that will have a very positive impact on my small business.

Sincerely,



Ann B. House
Owner



GOLDBELT
SEADROME
MARINE COMPLEX

February 7, 2003

The Honorable Gene Theriault
Senate President
State Capitol
Juneau, AK 99801-1182

Dear Senator Theriault:

I am writing in support of the proposed change to the marine pilotage law concerning foreign flagged yachts. As manager of the Seadrome Marine Complex a docking facility owned by Goldbelt in downtown Juneau, I have observed vessels that become very frustrated with the current regulations and head for friendlier ports. Our customer base is made up of small cruise vessels, day boats and yachts. This past year, approximately 25% of our moorage business came from yachts and transient vessels. Most of these vessels travel from the east coast specifically to visit Alaska while others are on their maiden voyage after leaving one of the boat builders in the Puget Sound area.

We have noticed a steady increase of yachts visiting Alaska over the past five years and hear about many more that decide not to make the trip because of the costly pilotage requirements. Although I have no way of knowing the potential market that is discouraged from visiting Alaska because of the current regulations, my feeling is that it is considerable. The limited availability of pilots is also problematic for vessels such as yachts with an ever-changing schedule.

The independent yacht visitor has a comparably greater positive economic impact by spending days if not weeks in Alaska and spreading their purchasing power over numerous businesses and communities. This positively impacts a wide variety of businesses from groceries to carpet cleaners and flower shops and fuel companies.

I urge you to consider an exemption or similar action to allow this market to reach its potential in Alaska. Many businesses and communities throughout the region will realize the benefits.

Best regards,

Jeff White
Manager
Seadrome Marine Complex



ALASKA STATE LEGISLATURE

Vice Chair:
Joint Armed Services Committee

Member:
Military and Veterans Affairs Committee
Labor and Commerce Committee
State Affairs Committee
Economic Development, Trade, &
Tourism Committee



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-3783
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Toll Free (877) 460-3783

Interim:
716 West 4th Avenue
Anchorage, AK 99501-2133
Phone: (907) 269-0174
Fax: (907) 269-0177

REPRESENTATIVE NANCY DAHLSTROM

ELMENDORF AFB • FORT RICHARDSON • BIRCHWOOD • FIRE LAKE • GOVERNMENT HILL • MULDOON
Representative_Nancy_Dahlstrom@legis.state.ak.us

Sponsor Statement

CSHB 251(FIN) am

“An Act relating to exemption of certain foreign pleasure craft from the mandatory pilotage requirements”

HB 251 authorizes access to Alaskan waters by a foreign registered pleasure craft that is 60ft or greater in overall length, but less than 175ft in overall length, when granted a waiver of pilotage. To travel in Alaskan waters, these pleasure craft must comply with certain state requirements.

For these foreign pleasure craft to enter Alaskan waters, a Marine Pilot must join and travel with the vessel to its first port of call. While in Alaskan waters, the vessel may further be required to take a Marine Pilot when navigating certain waterways. Before departing Alaska a Marine Pilot will again join the vessel and travel to its point of embarkation. The vessel will adhere to regulation established by the Board of Marine Pilots and are subject to civil penalties for violations.

A recent Legislative Budget and Audit Committee audit report supports these changes. This legislative audit (#08-20015-02 November 1, 2002) states under Recommendation No. 4, “The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure craft.”

The intent of HB 251 is to accomplish recommendations identified in the Audit and provide Alaskan Maritime communities with increased tourism opportunities while preserving our precious waterways.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 251(L&C)
(H) Publish Date: 4/25/2003

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Marine Pilot for Foreign Pleasure Craft BRU Occupational Licensing
Component Occupational Licensing
Sponsor Representative Dahlstrom
Requester House Labor & Commerce Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact.

Prepared by: Representative Tom Anderson Phone _____
Division Chair, House Labor & Commerce Committee Date/Time 4/25/03 10:47 AM
Approved by: Representative Tom Anderson Date 4/25/2003
Agency House Labor & Commerce Committee

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 251(FIN)
 (H) Publish Date: 5/9/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Marine Pilot for Foreign Pleasure Craft BRU Occupational Licensing (117)
 Component Occupational Licensing
 Sponsor Representative Dahlstrom
 Requester House Finance Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	102.0	102.0	102.0	102.0	102.0	102.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156 - Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSHB 251 (FIN) exempts foreign pleasure craft of 60 feet or less in overall length from the mandatory pilotage requirement. New funds are not required to implement this bill.

However, the bill is anticipated to generate new revenue as a result of civil fines imposed and the application fee for waiver from the pilotage requirement. Based on the fee proposed in the bill and estimates from the industry, the revenue is based on: 1) 6 pleasure crafts at 60' = 6 x \$1,500 = \$9,000; 2) 12 pleasure crafts at 120' = 12 x \$4,500 = \$54,000; 3) 6 pleasure crafts at 160' = 6 x \$6,500 = \$39,000. The revenue estimate is repeated in subsequent years however, the actual revenue will be based on the number of foreign registered pleasure crafts entering State waters.

Prepared by: Jennifer Strickler, Administrative Manager Phone 907-465-2144
 Division Occupational Licensing Date/Time 5/8/03 2:30 PM
 Approved by: Edgar Blatchford, Commissioner Date 5/8/2003
 Agency Department of Community & Economic Development

DAVID L. SOKOL
302 SOUTH 38TH STREET
SUITE 400
OMAHA, NEBRASKA 68131

RECEIVED
JUN 19 2002
DIVISION OF
OCCUPATIONAL LICENSING
JUNEAU

June 14, 2002

The Honorable Tony Knowles
State Capitol
P. O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

I would like to bring to your attention a situation which I believe may have been caused inadvertently; however, it has the potential to significantly impact the economy of several southeastern communities in Alaska.

Several years ago I had the privilege of being a guest on a private motor yacht that cruised the waterways of southeastern Alaska, primarily in the areas between Ketchikan, Sitka and Juneau. I, and the other seven guests, had a wonderful time shopping in Sitka and Juneau, fishing and sightseeing in some of America's most beautiful waterways. Following on this experience, two years ago I had the opportunity to purchase my own boat and it was our intention to spend this summer in southeastern Alaska. Unfortunately, when my captain was preparing the cruise this spring he came across *Alaska Statute 08.62.180* which deals with marine pilotage requirements in Alaska. While we are familiar with typical pilotage requirements in other states and countries, this law is unique, in our understanding, in that it essentially requires full time pilotage not just in and out of harbors, but also throughout the waterways. Further, there are no qualification exemptions for demonstrated captain proficiency.

As such, pursuant to this statute we must essentially hire a pilot from one of the two companies providing this service for the entirety of our cruise. I contacted both of these firms in Ketchikan and was informed that the cost would be \$1,400.00 to \$2,200.00 per day depending on our schedule. This would equate to approximately \$72,000.00 for our summer cruise. Because of this requirement we have altered our plans and we are going to spend the summer in British Columbia. This is obviously a severe disappointment given that I am an American citizen.

I do fully understand the need for appropriate pilotage requirements under certain circumstances; however I believe that this statute's lack of flexibility is unreasonable. By way of example, our boat is approximately 135 feet in length and we have three licensed captains as part of our seven-person crew. Our captain is fully licensed to 1600 gross

RECEIVED

JUN 19 2002

DIVISION OF
OCCUPATIONAL LICENSING
JUNEAU

Page Two
Governor Tony Knowles
June 14, 2002

tons and is intimately familiar with the Alaskan waterways. Under *AK 08.62.180* those qualifications are irrelevant; however, in British Columbia we received a pilotage exemption in less than two weeks.

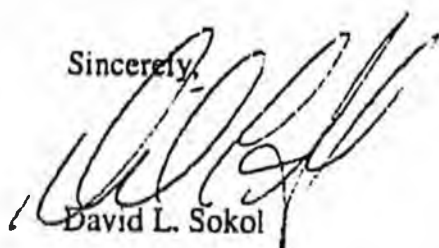
We would recommend to you a change in *AK 08.62.180* to either allow an exemption process for qualified captains or to place a reasonable length limitation (possibly 200 feet or less) exemption for pleasure craft with properly licensed captains. While the statute currently has gross tonnage limitations, I believe you will find such measurements inconsistent and difficult to administer due to the many tonnage conventions utilized in the United States and Internationally.

The real damage caused by making these pilotage requirements unreasonable is to the small towns of southeast Alaska. I have become aware of eleven vessels that have chosen to not cruise in Alaskan waters this summer. I am certain there are others as well. In our own case we would have had 48 guests (6 cruises with 8 guests) over the summer, seven crew living with the boat all summer, fuel, food, fishing licenses, tackle, airline traffic, souvenir shopping, restaurants, cabs, etc. Just our boat alone would have generated over \$250,000 in economic activity in Ketchikan, Sitka and Juneau. If we assume 20 boats avoid Alaska because of unnecessary pilotage requirements, \$5,000,000 of economic activity will be lost.

Please understand, we are fully in favor of proper safety and environmental standards, and we wish for Alaskan waterways to be kept clean and safe for all future generations. Providing reasonable exemptions, as is done throughout the rest of the United States and around the world, will not require these standards to be lessened.

I recognize that since this will require a legislative solution, you cannot resolve this situation for this summer. I hope that something can be done before next spring. Please call me if I can provide additional information, or if I can help you in dealing with this situation.

Sincerely,



David L. Sokol

CC: Peter Christensen, Pilot Coordinator
Board of Marine Pilots
P. O. Box 110806
Juneau, AK 99811-0806

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Representative Nancy Dahlstrom
State Capitol
Juneau, AK 99801-1082

Dear Representative:

I have been asked to provide background information regarding foreign flagged pleasure craft. I am the Safety & Quality Manager at Fraser Yachts Worldwide and the Designated Person Ashore under the IMO's International Safety Management (ISM) Code. I am registered on the Small Ships Group of the Institute of Marine Engineering, Science & Technology (I.Mar.E.S.T.) as a recognised surveyor; Registered with the Engineering Council as an Incorporated Engineer; qualified as an Internal Auditor and am an Associate Member of the I.Mar.E.S.T. Previously, I was a marine engineer officer in the British Merchant Navy and Chief Engineer on large yachts.

Background/Foreign Flagged Yachts

A high percentage of large yachts are registered and flagged under the UK and REG (Red Ensign Group) flags such as the Cayman Islands. These flags have codes of practice applicable to yachts chartering with less than 12 passengers. It provides standards for the construction, stability, safety and manning of large yachts over 24 meters (79 feet) in length and is accepted as an equivalent standard of safety to the requirements of the Safety of Life at Sea (SOLAS) convention (which I understand are the same regulations under which the Alaska Marine Highway System operates.)

The UK also established qualifications specific to such yachts under the UK law that comply with the requirements of International Maritime Organization (IMO) International Convention on Standards of Training, Certification and Watchkeeping for seafarers 1978 as amended in 1995 (STCW95). This sets the internationally recognised standards.

The International Safety Management (ISM) Code, which requires an audited and certified Safety Management System, has been applied to yachts of greater than 500GT in commercial use by these flag states. The ISM Code sets requirements for the management of the operations and emergency planning for the yacht to address the safety of life and protection of the environment. Key factors of the Code include:

- 1) The development of procedures specific to the yacht for operations and contingency plans, including maintenance and inspection;

- 2) the need for a cycle of continual improvement;
- 3) reporting of incidents and hazardous occurrences;
- 4) Internal and External (by the flag state) audits to ensure the effectiveness of the management system; and
- 5) the provision of a Designated Person on shore to provide the link between the vessel and the highest levels of management to ensure the safety of the yacht and protection of the environment.

Present/Future Regulations

While these regulations are applicable to charter yachts, both the codes of practice and the ISM code are minimum standards and are being voluntarily complied with by yachts in private use. And the UK, as well as some other flag states, require that all yachts comply with the manning requirements. These manning requirements stipulate the minimum number, and standard, of STCW95 qualifications to be held by the Master and crew of a yacht. Some flag states have taken the view that all pleasure yachts, whether in chartering or in private only use, must comply fully with the codes of practice.

The IMO has recommended that flag states apply the ISM code to vessels over 150GT and therefore it may be expected that a requirement for some form of safety management system be applied to all yachts over 24 meters (79 feet) that charter.

It may be expected that other flag states will follow suit either in adopting the codes of practice or developing their own similar requirements and voluntary compliance is increasing.

Future Yachting Market

There are new yacht clients who may be expected to look for an area such as Alaska in which to cruise. These would include American guests who have not previously visited Europe and are uneasy in the present situation to do so; first time charters who wish to remain closer to home; and persons who have previously visited the usual charter destinations within Europe and the Mediterranean and are searching for cruising areas outside of those habitually frequented.

In terms of economics, it's been estimated that thousands of persons working ashore depend upon the business generated by the yachts while based in the Mediterranean. As a rough estimate, for example, of 15 yachts, the budgets range between 1.9 and 9 million dollars each annually. Should Alaska welcome these yachts, it may provide a mutually beneficial partnership.

Alaska Marine Pilot Statutes

There have been a number of motives presented to justify the requirement that foreign flagged yachts must carry a pilot. The issues of safety of navigation, protection of the environment, and security are all legitimate concerns which should be balanced against the current international licensing and training requirements of the private master and crew. The actual advantage to the state of the requirement to carry a pilot should be weighed against the potential economic benefit to the coastal

communities, not just at the present time but also as the yachting industry expands and seeks less crowded cruising grounds and more adventure.

Situations may arise in which having a pilot aboard causes problems for a yacht owner. There is the possibility that a guest or crew member could not remain onboard due to the limitation on the numbers of persons who may be carried as limited by the available Life Saving Appliances (LSA). Tensions may arise when a pilot is placed onboard for a cruise of many weeks with tightly knit crew who works together eleven months of the year.

Scheduling problems may also present themselves. Simply put, in complete contrast to a cruise ship or merchant ship, most yachts do not have a fixed schedule or a timetable to keep to. This is due to the fact that they are used for pleasure, to go where the guests wish to go at any time. Even where there is a rough schedule it is often not publicized as this provides some small measure of security and confidentiality to the guest. Navigational standards will mean that a passage plan is prepared but this may only be for the next part of the voyage.

I do not believe that anyone will object to carrying a pilot onboard where there is a need to do so. If the requirement to carry a pilot is restricted to certain areas where the risks of navigation require local knowledge and experience in addition to the good seamanship that most yacht's Masters possess, the expense would not be unreasonable.

Safety of Navigation

While discussing changes to Alaska pilotage laws, yachts have been compared to large cruise ships and freighters. While the gross tonnage of a large yacht may seem impressive, these yachts are more easily navigated and are regularly maneuvered by their Master's & crews into tight anchorages or small harbors. The Master and crew are experienced in handling the yacht and are increasingly qualified in compliance with STCW95 even where not required. The standard of their navigational, communications and safety equipment is usually extremely high. This is in keeping with the high standard implicit in yachting and the general desire to have the latest cutting edge technology.

The yacht always remains the responsibility of the Master who will be intimately familiar with his yacht. The pilot may only advise the Master and may not be expected to be familiar with the maneuvering abilities of the yacht, especially when compared to what might be considered a similarly sized merchant or cruise ship.

Homeland Security

Yachts in legitimate use could not be considered a threat to the security of the USA or Canada. The requirements of the INS and US Customs for clearing into the USA and the ability of the USCG to board and inspect vessels entering or within US waters at any time should be sufficient to prevent this. Should a yacht be hijacked for any purpose, it is most probable that the managers or contacts ashore would be very swiftly aware of a problem before it could pose a threat to another target.

With regards to ensuring that the crew are both competent and pose no threat to the yacht or guests, the community of yacht crew has always been relatively small and references easily checked. Despite this, in-depth personal background checks are becoming more common.

Next year, the ISPS (International Ship & Port Facility Security) Code will, as part of its requirements, necessitate that a Security Survey is carried out on the vessel; that a Ship Security Officer is appointed as well as a Company Security Officer; and, that a Ship Security Plan is implemented. This security plan may be expected to be in two parts: one available for inspection of the authorities, and the other part detailing more confidential procedures and emergency contingency plans for the vessel. Again, private as well as charter yachts may be expected to implement compliance with this.

On the other hand, given the wealth of the individuals that may be onboard a yacht, either as owners or as guests, there is a higher possibility of a threat to the yacht and its crew and guests. It is also common practice that the name(s) of the owners or guests are not revealed. Confidentiality agreements are required and executive protection services are often engaged to ensure the security of the guests.

Protection of the Environment

Yachts carry marine gas or diesel oil as fuel, but it should not be compared, either in quantity or likelihood of a spill, with a cruise ship's fuel tanks or merchant ship cargo of heavy fuel. Shipboard Oil Pollution Emergency Plans (SOPEP) approved by the flag state for are required on yachts over 400 GT. Many of these yachts are equipped with oil booms and absorbent sweeps. For insurance purposes, they are also required to have a US Certificate of Financial Responsibility [CoFR] and Water Quality Insurance Syndicate cover [WQIS] to provide funds and equipment to clean up any spill.

Marine Pilots/Defence for Safety & Security

As a line of defense against terrorism or criminals, a single unarmed pilot would be unlikely to be able to pose any deterrent. In order for a pilot to be able to evaluate the safety of a vessel, the pilot should be trained in vessel inspections so as to inspect all areas of a yacht to determine the existence of a possible threat.

Given the requirement for privacy of the owners, I doubt this opportunity would be offered. Standard operational procedures at the moment, and Ship Security Plans in the future, will probably mandate that the pilot be escorted from the boarding point by way of outside stairs to the bridge and that the pilot not be permitted access to those areas where there is no necessity to go. Pilots may also expect to be asked to be searched for weapons and confirmation of identity prior to boarding.

Conclusion

The purpose of the pilot is to ensure that local knowledge and experience is made available to the Master of a vessel to ensure its safe navigation and to avoid any risk of damage to the environment. Pilots should be engaged to provide this expertise where it is necessary and not with secondary missions for which they are not trained, able to undertake, or which may detract from their primary purpose. They should not be tasked with safety inspections, which are best carried out by USCG on arrival within the US or by occasional boarding, or with security issues, which may be best carried out by the USCG, US Customs and INS.

Yachts have excellent safety and navigational equipment; are highly maneuverable; and have experienced crew. The UK and other flags require qualifications to STCW95 standards, unlike US regulations that exempt USCG license holders from requiring STCW95 endorsements if they operate only within US waters. A Safety Management System that is audited and certified by Classification Societies and/or the flag state will provide a means of self-regulation that will ensure that standards of safety and protection of the environment are met more efficiently than by enforcement.

I would propose not setting an upper limit for an exemption, but operating on a case-by-case risk assessment scale to determine the appropriate application of exemptions. The determining factors could be based on the yacht's flag and Classification Society, as well as the qualifications of the crew, compliance with the MCA code of practice, and ISM compliance. A key part of this procedure would be the initial USCG safety inspection on arrival.

Other key requirements to assist in a change in the pilotage regulations could be as follows:

- a. Masters undergoing familiarization training and practical assessment with the pilot for a period of time;
- b. Mandating certain pilotage areas be designated where dangers to navigation require and with pilotage areas sized for different sizes of yachts;
- c. use of automatic position reporting via INMARSAT (Standard C or D+ terminals are required and the D+ unit may be very easily fitted to yachts on a temporary basis for a minimal cost);

Thank you for allowing me to comment. I hope you have found this information of value as you review changes to your state law.

If I may provide further clarification, I will be please to do so.

Sincerely

A handwritten signature in black ink, appearing to read "Derek Smith", with a long horizontal flourish extending to the right.

Derek Smith, I.Eng., A.M.I.Mar.E.S.T
Safety & Quality Manager / DPA

Fraser Yachts Worldwide
Yacht Management Department
1800 SE 10th Ave, Suite 400
Ft Lauderdale
FL 33316

U.S. Department
of Transportation

United States
Coast Guard



Commander
17th Coast Guard District

P.O. Box 25517
Juneau, AK 99801
Staff Symbol: (M)
Phone: (907) 463-2802

16712

MAR 6 2003

The Honorable Gene Theriault
State Capital Building
Juneau, AK 99801

Dear Mr. Theriault:

I wanted to take the opportunity to applaud your efforts to permit an orderly process for exempting Canadian warships and Coast Guard vessels home-ported in British Columbia from state pilotage requirements. We support this reciprocal agreement and believe it will only serve to improve the important relationships we share with our Canadian neighbors.

I also would like to take this opportunity to respond to requests for my comments on state legislative discussions of easing pilotage requirements for foreign pleasure vessels. The current statute requires a pilot for vessels 300 gross tons and over. Proposals have been made to increase that tonnage exemption, effectively allowing larger vessels the opportunity to transit Alaskan waters without a pilot. These are matters of state interest over which the Coast Guard has no authority but about which I do have concerns. Vessels greater than 300 gross tons are large and can pose serious risks to the safety of navigation and the environment. Removing pilots from these vessels could dramatically impact vessel safety since local knowledge and experience are a key component of safe navigation. Having a pilot onboard helps prevent groundings and subsequent environmental damage. Their presence facilitates communications during vessel passages in the narrow waters of Southeast as well. By their presence onboard during vessel operations, the pilots are also in a unique position to alert the proper authorities if there are indications the vessel or crew may present law enforcement or homeland security concerns. Finally, the pilot's local knowledge helps with sensitive property and territorial concerns; distinguishing between local, federal and tribal areas. This type of overall awareness prevents accidents in the first place and helps mitigate them when they do happen. It cannot be replaced by a foreign crew, a transponder, or a float plan. We appreciate the service and performance of your state pilots and recommend their continued presence on foreign pleasure vessels 300 gross tons and over.

Again, I recognize these are state interests and appreciate the opportunity to present my concerns as part of our cooperative relationship. I trust all will go well with the remainder of your session. Please contact myself or LT Matt Jones of my staff at 907-463-2809 if we may be of further assistance on these matters.

Sincerely,

J. W. UNDERWOOD
Rear Admiral, U.S. Coast Guard
Commander, Seventeenth Coast Guard District

Copy: The Honorable Fred Dyson
The Honorable Gary Wilken
Mr. Joseph W. Geldhof, Esq.



HAINES BOROUGH, ALASKA
P.O. BOX 1209
HAINES, AK 99827
(907) 766-2231 * FAX (907) 766-3179

COPY

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

Re: Private Foreign-Flagged Yachts


Dear Senator Therriault:

On behalf of the newly-formed Haines Borough, I would like to add my support to a proposal to change a state law that could help the economy of our small community. I am referring to the current attempt to put a waiver system in place to allow private foreign-flagged yachts to cruise in Alaskan waters without a marine pilot aboard.

Haines has felt the devastating effects of a general downturn in our economy for many years. With the loss of the timber industry and the low return for our fisheries resources, we have turned to tourism as one way to help rebuild our community. The impact of the spending by guests and crew on these large yachts in a small coastal community such as Haines cannot be overstated.

Haines is open for business and we welcome any changes in state law that will help bring new customers here. Thank you for your consideration of these changes. They could have a very positive impact on the economy of our community.

Sincerely,


Jerry Lapp
Deputy Mayor
HAINES BOROUGH



THE CITY OF WHITTIER

Gateway to the Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99593 • (907) 472-2527 • Fax (907) 472-2404

April 14, 2003

Representative Nancy Dahlstrom
State Capitol
Juneau, AK 99801-1082

RE: HB 251-exemptions from marine pilotage for certain yachts

Dear Representative Dahlstrom:

The City of Whittier would like to add its support for HB 251, legislation that could help strengthen our economy by encouraging large yachts to come to Alaska. I am referring to the law that currently dissuades private pleasure craft from cruising in our waters by mandating that they employ a marine pilot while they are in Alaska.

Whittier has a large harbor and facilities to accommodate these desirable visitors. We are hoping to become a tourism destination in the future and would like to do all we can to persuade yachts of all sizes to visit our community. The state should also be doing all it can to attract this new money to our coastal ports, especially during these times of financial uncertainty. The city and small businesses can both benefit from the revenue brought to Whittier by these desirable independent tourists.

The City of Whittier is open for business and is always exploring new ways to draw people to our community. If passed, HB 251 will help greatly in that effort.

Sincerely,

A handwritten signature in black ink that reads "Rick A. Johnbaum".

Rick A. Johnbaum, Manager
City of Whittier

Cc: Rep. Mike Hawker



CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

OFFICE OF THE MAYOR

Telephone: (907) 586-3000, Fax: (907) 586-2100
Sally.Smith@ci.juneau.ak.us

February 10, 2003

The Honorable Gene Tharrault
President of the Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Mr. President:

Over the past few years Juneau has invested heavily to upgrade our docks and harbors. Part of that effort has included the development of a more hospitable welcome to private yachts. As a longtime tourist destination, we understand the economic opportunity derived from these vessels. Benefits accrue both to the city, through docking fees, and to many small businesses that offer goods and services to the owners, passengers, and crewmembers.

It is my understanding that there is currently a proposal to change state law to allow large, foreign flagged private yachts to travel in Alaska without marine pilots. Juneau endorses that change, believing it will encourage more yacht traffic.

Given the current situation, we are losing a portion of potential business from this affluent group, all because of a basically unenforceable state law. We just cannot afford to lose such lucrative business to other coastal states.

Your consideration of this issue will be greatly appreciated. The commerce is important to all coastal communities.

Sincerely,

Sally Smith
Sally Smith
Mayor



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

February 12, 2003

The Honorable
Senator Gene Therriault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Changes in marine pilotage laws re: foreign flagged yachts

Dear Senator Therriault:

The City and Borough of Sitka would like to join other SE communities in supporting a statutory change that would allow certain pleasure yachts to travel in Alaska without marine pilots. Facilitating a boost to our economy while maintaining safety and environmental standards is what I feel most residents of Sitka could support.

As you know, Sitka is still in the process of redefining itself after many decades with a primarily resource-based economy. Fortunately for us, as the timber industry was receding in our area, the tourism industry in Alaska was developing. Although we are taking a very deliberate look at how this industry should progress in our community and how any changes may affect our citizens and their way of life, it is generally agreed that many opportunities for local businesses and residents may be tied to the tourism industry.

As a port community, we realize the positive financial impact visitors aboard these large yachts can have in Sitka. Some yachts currently use our port as their home base during their summers in Alaska. It makes sense to allow these vessels, and their foreign flagged counterparts, to travel freely in Alaska without another marine pilot aboard, as long as competent and experienced masters are in charge. As this pilotage law has never been enforced, it only makes common sense to change the law to reflect the actual reality of today's yacht cruising public.

I would appreciate your support for legislation that removes this barrier to commerce in Sitka and other coastal communities of Southeast. Thank you for your consideration of this issue.

Sincerely,

Fred Reeder
Mayor



**City of
Ketchikan**

334 Front Street
Ketchikan, Alaska 99901
Phone 907-225-3111
Fax 907-225-5075

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 111
Juneau, Alaska 99801-1182

Re: Statutory change regarding requirement for marine pilots on large yachts

Dear Senator Therriault:

I am writing regarding the above-referenced subject. I am generally in support of a statutory change, which would allow large noncommercial private yachts to travel in Alaska without marine pilots to the extent that safety and other issues are not compromised. I would, however, want to see specific legislative language prior to endorsing a particular concept.

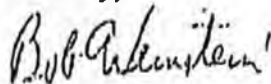
As you know, Ketchikan's economy has been hard hit by the decline in the timber industry, as well as by the challenges currently facing the fishing industry. Fortunately, on the other hand, our tourism industry is continuing to provide economic opportunities for local businesses and residents.

Ketchikan is in the process of completing a comprehensive development plan for our port and harbor facilities. I believe that this will result in a number of improvements in our infrastructure to better accommodate various classes of vessels, particularly including large yachts, and thereby enhance our economy. I also believe that, in addition to the goods and services that yacht passengers and crew might typically spend while visiting a community, we will be in a unique position to perform routine vessel maintenance/repair as the capacity of our shipyard increases.

In closing, I would appreciate your support for legislation that removes barriers to vessel traffic through an appropriate mechanism which can be supported by concerned parties, including marine pilots and yacht owners.

Thank you for your consideration of this issue.

Sincerely,



Rob Weinstein
Mayor

Southeast Conference

P.O. Box 11989 Juneau Alaska 99802-1989 Tel. (907) 463-3445 Fax (907) 463-5670

February 7, 2003

Senator Gene Therriault
Senate President
State Capitol, Room 107
Juneau, AK 99801-1082

Re: exemptions from marine pilotage statutes for large yachts

Dear Senator Therriault:

On behalf of the Southeast Conference we would like to voice out support for changes to state pilotage laws to allow private foreign flagged yachts up to 200 feet in length, to cruise in Alaskan waters without a marine pilot aboard. Current law requires foreign vessels over 300 tons to employ a state licensed marine pilot from one of the pilot associations. These associations are quite busy in the typical summer season, servicing the large contingent of cruise ships that deploy in Alaska. It is appropriate for these ships to have state licensed pilots aboard, as they are quite large, operate largely at night, and have much greater potential for significant damage to other shipping, and the environment. We believe that the language in the current law reached too far down in size to a ship type for which the perceived protection to state waters is out of scale related to its costs and inconvenience to the vessels. Adding the pilotage requirement on a 300 ton motor yacht in the same fashion as on a 100,000 ton cruise ship, adds about \$1800 per day in fees, plus the costs to carry an extra, unfamiliar person on what is usually a pleasure charter. On these yachts, a pilot is typically underutilized, as these vessels operate with a much more relaxed itinerary, daytime cruising, and with longer stays on anchor and in port calls. Because of the added costs, and especially the burden of eliminating a berth in very limited capacity vessels, charterers are motivated to cruise elsewhere around the world, to the detriment of our port communities and businesses who could benefit from this traffic. The State of Washington currently allows waivers to State pilotage requirements for this type of vessel, so they are getting some of the business that would otherwise come to our state.

Southeast Conference members include representatives from most Southeast community governments and Chambers of Commerce, visitor's bureaus, non-profits, utilities, businesses, and concerned citizens. (We currently have over 100 members, including 28 communities, 9 Chambers of Commerce, 9 Native Organizations, 18 non-profits and community organizations, and 9 transportation organizations.) Our goals include developing strong economies, improving the region as a good place to live and work, and encouraging and assisting in responsible development in the tourism sector.

Senator Therriault

February 6, 2002

Page 1 of 2



Southeast Conference

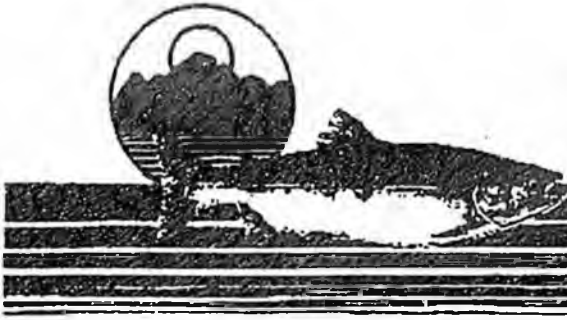
P.O. Box 21989 Juneau Alaska 99802-1989 Tel. (907) 463-3443 Fax (907) 463-5670

We would appreciate it if you could review the language in the Alaska Marine Pilotage Act, passed in 1995, with a mind to possible changes that could resolve what we think was an unintended consequence. We believe it is in the best interests of our member communities, and for commerce in our state, with minimal impact on the level of protection to our waters. We are hopeful you can initiate legislation to either change this law, or allow the relevant agencies to grant waivers. We stand ready to support these changes in whatever manner you consider appropriate.

Sincerely,



Loren Gerhard
Projects & Policy Director
cc: Amy Wachman, Kate Tesar



Douglas Island Pink and Chum, Inc.
2697 Channel Dr. • Juneau, Alaska 99801
Telephone: (907) 463-5114 • Fax: (907) 463-3213

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1082

February 10, 2003

Dear Senator Therriault:

As the Executive Director of the Douglas Island Pink and Chum Corporation (DIPAC) in Juneau, I am writing to support a change in Alaska law that will allow large private yachts to travel into Alaskan waters without an additional marine pilot aboard.

As the main producer of enhanced salmon for the communities of northern Southeast, we are very aware of and concerned about issues affecting sport fishing in the inside waters. We produce salmon for sport and commercial fishermen, as well as the expanding local salmon charter business. Although most of our operating funds are earned in a traditional manner through cost recovery of our fish, a percentage of our expenses are covered each year by money brought in through the tourism attraction attached to our hatchery. We host over 100,000 visitors at our facility each summer, with a growing number originating from non-cruise ship travel.

We in Juneau understand the economic opportunity associated with independent travelers to Alaska. The cruiseships provide the majority of our client base, but locals, their relatives and other tourists visiting Juneau have a significant impact. The money spent in our community by developing the private yacht industry is welcome and needed. I am in total support of any changes in statute which will increase the traffic to our area by these desirable tourists. It is my understanding that the current law has never been enforced, and this is all the more reason to investigate changes at this time.

Thank you for your consideration of these changes in statute which benefit all the coastal communities in Southeast Alaska.

Sincerely,

A handwritten signature in cursive script that reads "Jon Carter".

Jon Carter
Executive Director



3100 Channel Drive, Suite 300 • Juneau AK 99801
(907) 463-3488 • Fax (907) 463-3489

February 12, 2003

Senator Gene Theriault
Senate President
State Capitol
Juneau, AK 99801-1082

Dear Senator Theriault:

As the Executive Director of the Juneau Chamber of Commerce, I would like to add the support of our organization for a change in Alaska statutes that will allow additional private yachts to travel into Alaskan waters without a marine pilot aboard.

Although Juneau is enjoying a stable economy at this time based on a combination of government and private employment and summer tourism positions, other areas of Southeast are not as lucky. In communities where timber and fish were once the mainstays, the tourism industry is becoming an important partner. In Juneau, a community which hosts nearly one million visitors a year, we have long understood the value of these independent travelers to our economy.

As you may know, a private sector group in Juneau is in the permitting stage for construction of a new dock to provide additional moorage space for yachts, small cruise ships and lightering vessels. There is no better way to gage business opportunities than by those who are willing to invest in the infrastructure of our community.

The Chamber supports the efforts by Alaska Yacht Services and Provisioning to change this state law which significantly discourages yacht visitation. Without an amendment to the current marine pilot regulation that states that "all pleasure craft foreign flagged must hire a state marine pilot onboard," Southeast Alaska is missing out on a wonderful economic opportunity. Please consider this change in direction that will help stimulate the economy for many small businesses in Juneau, as well as throughout Southeast and coastal Alaska.

I thank you for your consideration of this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie Parsons", written over a horizontal line.

Jamie Parsons
Executive Director
Juneau Chamber of Commerce

CC: Governor Murkowski



Greater Ketchikan Chamber of Commerce

P.O. Box 5957, Ketchikan, Alaska 99901
(907) 225-3184 • FAX: (907) 225-3187

February 20, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, Alaska 99801-1082

Dear Senator Therriault,

I would like to add the support of the Greater Ketchikan Chamber of Commerce for the current efforts to change Alaska law to allow private yachts registered outside of the US, to travel into Alaskan waters without a marine pilot onboard.

In Ketchikan, the tourism and maritime support industries are important economic sectors. Although cruise ship passengers provide the main economic engine for our visitor industry, our member businesses understand the value of attracting the independent tourists arriving in our city by yacht. Ketchikan's maritime industries are prepared to support the sophisticated vessels that comprise this unique fleet of privately owned ships. The impact of spending in our community by this growing sector of the yacht industry cannot be overstated.

The Chamber supports the efforts by yacht owners, communities and other small businesses to change this state law, whose only effect has been to stifle commerce. It is our hope that the groups working on this issue, including our local marine pilots, will be able to reach a compromise allowing all yachts to safely travel in Alaska.

Please consider this change that will help stimulate the economy for many small businesses in Ketchikan, as well as throughout Southeast Alaska.

Thank you for your timely consideration of this matter.

Sincerely,

Doug Ward
President

Greater Ketchikan Chamber of Commerce



February 5, 2003

Senator Gene Therriault
Senate President
State Capitol
Juneau, AK 99801-1182

Dear Senator,

Delta Marine, located in Seattle, Washington is a manufacturer of custom luxury yachts with a complete refit & repair division. Our operation builds and services yachts of up to 225-feet and 1300 gross tons for a global clientele.

Many of our customers look forward to cruising Alaska when departing from Delta. However, several recent customers have decided to cancel their Alaska trips due to the stringent pilotage requirements of the State of Alaska. This affects Delta and our community as well as the waterfront communities of Alaska.

The following are three cases in particular that I wanted to bring to your attention:

- The 151' *Sally Ann* (498 gross international tonnage), after completing a five-year circumnavigation in 2001, returned to Delta for some routine maintenance work. The last leg of their amazing journey was to take them to Alaska. However, due to the rigorous pilotage requirements of the State of Alaska they canceled their trip and headed south instead.
- The 165' *Georgia* (381 gross international tonnage), is yet another a foreign flagged yacht that had plans to cruise Alaska. This story is unique, as this yacht sailed from the Mediterranean for a complete re-paint at Delta in 2002, as well as the opportunity to cruise the beautiful waters of the North Pacific. Once here, they were made aware of the strict pilotage requirements and too, canceled their plans to cruise to Alaska.
- Finally, the 126' *Andrea* (456 gross international tonnage), is a tough, seaworthy expedition yacht due to be delivered by Delta late this spring. Delta has quickly become known around the world for building these types of yachts and this client has come from Europe to Seattle to build. Although they would like to spend the summer cruising Alaska, taking this yacht to the far places it was built to see, they are planning to cancel their cruise to Alaska, again due to the strict Alaska pilotage requirements.

This is an issue that will continue to affect Delta, our customers, and the coastal communities of Alaska. We believe that changes to the law should be addressed as part

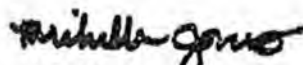
DELTA MARINE INDUSTRIES
1608 SOUEN 96TH STREET
SEATTLE, WASHINGTON 98108 USA
T: 206.763.1383 F: 206.762.1627

of your current work on SB 29, the Board of Marine Pilots extension legislation. The requirement for pilotage of yachts should be thoroughly reviewed, with a goal of eliminating or narrowing this requirement.

The large yachts Delta builds and services are well maintained and well run. As a group, these yachts have an outstanding safety record. Removal of the pilotage requirement for these private pleasure craft is consistent with both maintaining environmental protection and encouraging economic opportunity, as well as standardizing marine pilotage law along the entire coastline from Washington to Alaska.

Your attention and efforts are appreciated. If I can be of any further assistance or answers any questions please let me know.

Sincerely,



Michelle Jones
Marketing Manager

November 9, 2002

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF MARINE PILOTS
SUNSET REVIEW

November 1, 2002

Audit Control Number

08-20015-02

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(a) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, AS 08.03.010 (c)(10) states that the board will terminate on June 30, 2003, and will have one year from that date to conclude its administrative operations. .

In our opinion, the termination date for the Board of Marine Pilots should be extended. The regulation and licensing of qualified marine pilots benefits the public's safety and welfare. We recommend the legislature extend the termination date of the Board of Marine Pilots to June 30, 2007.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

Pat Davidson, CPA
Legislative Auditor

Recommendation No. 3

The legislature should consider amending current statutes in order to extend mandatory drug and alcohol testing to pilot organization trainees and apprentices.

Currently, trainees and apprentices do not participate in the random drug testing programs. This can be attributed to the language of the statute related to alcohol and drug testing programs administered by the Board of Marine Pilots. Alaska Statute 08.62.040(b)(2) states:

The board, may, by regulation make any other provision for proper and safe pilotage upon the inland and coastal water of and adjacent to the state and for the efficient administration of this chapter, including establishing a mandatory drug and alcohol testing program, including random tests, post-incident tests, and tests based upon reasonable cause, for pilots licensed [by the Board of Marine Pilots]. [Emphasis added]

Since the statute relates only to licensed pilots, individuals who are involved with ~~associations~~ as either trainees or apprentices are not subject random testing. Pilot associations report that most trainees and apprentices work for other employers involved in maritime activities. As such, they are likely to be subject to employer testing under federal regulations.

In our view, it would be better for apprentices and trainees to participate in random testing in conjunction with their training with the local association. This would ensure that all individuals who board and train on vessels in conjunction with the State's marine pilotage requirements are subject to random testing. It would also ensure that test results have been appropriately filed and reported. Accordingly, we recommend the legislature consider amending the current statute to extend the board's authority for alcohol and drug testing to include individuals who are in the process of becoming licensed pilots under the supervision of the local association.

Recommendation No. 4

The Board of Marine Pilots should seek statutory authority to allow the board the discretion to grant waivers of pilotage requirements to large pleasure crafts.

Under AS 08.62.180(7), foreign-registered pleasure craft of "less than 300 gross tons as measured [as specified in federal regulations]" are exempted from obtaining a licensed marine pilot. Therefore, pleasure crafts of 300 gross tons do require a marine pilot. As we have discussed in prior BMP sunset audits, effective enforcement of this particular statutory provision has historically been inconsistent, if not impossible. Reportedly, the number of private foreign-registered yachts that exceed the 300 gross ton limit is steadily increasing. Currently, these large vessels are generally either plying Alaska waters without the required pilot on board, or are being discouraged from coming to the state altogether because of the

prohibitive pilotage costs,⁴ and the impracticality of maintaining a pilot on board over an extended period of time.

A Juneau contractor who specializes in provisioning pleasure yachts, has contacted the MPC and BMP chair to suggest the board consider granting waivers on a case-by-case basis. The contractor cites Washington state law that permits the State's pilotage board to grant exemptions to yachts that do not exceed 500 gross tons and 200 feet in length. The waiver statute applies only to waters of the Puget Sound pilotage district, which suggests that BMP or the legislature could limit waivers to specified waterways.

It appears most pilots want the statute better enforced. As discussed in the survey results section of this report, over two-thirds of the pilots responding to our survey opposed exempting foreign-registered yachts from pilotage requirements.

With enforcement problematic, discretionary waivers provide a way to track impact

In practice, the statute is difficult to enforce. Scofflaws face little risk of sanction, while conscientious cruisers may be discouraged from traveling through state waters by the cost of compliance. If enforcement of the statute is unrealistic or given a low priority, the law should be modified to be more workable.

If the board was granted more discretion in statute to provide waivers to large yachts (similar to the situation involving vessels in Puget Sound), there would be documented evidence of the nature and extent of the potential impact.

By being able to consider and issue waivers on a case-by-case basis, the board could develop a sense of the impact of high-end pleasure cruising in the state. BMP could tabulate the average size involved with these larger yachts, and if there were perceived abuses, could begin limiting or eliminating waivers altogether on a discretionary basis. Such action would seem to be preferable to current situation whereby the individuals involved are either flaunting the statute with no effective consequence, or are avoiding Alaska waters due to the cost prohibitive nature of the fees involved.

Accordingly, we suggest the BMP seek authority from the legislature to amend this section of the pilotage statutes to allow it the discretion to grant waivers for foreign-registered pleasure craft that exceed an established size.

⁴ An individual who had been dissuaded from cruising through the waterways of Southeast Alaska stated in a June 14, 2002, letter to Governor Knowles, that he had been quoted a cost of "\$1,400 to \$2,200 per day depending on [the yacht's schedule]." The letter went on to estimate that this rate would result in a total cost of "approximately \$72,000 for [the] summer cruise."

ALASKA STATE LEGISLATURE

Vice Chair:

Joint Armed Services Committee

Member:

Military and Veterans Affairs Committee
Labor and Commerce Committee
State Affairs Committee
Economic Development, Trade, &
Tourism Committee



Session:

Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-3783
Fax: (907) 465-2293
Toll Free (877) 460-3783

Interim:

716 West 4th Avenue
Anchorage, AK 99501-2133
Phone: (907) 269-0174
Fax: (907) 269-0177

REPRESENTATIVE NANCY DAHLSTROM

ELMENDORF AFB • FORT RICHARDSON • BIRCHWOOD • FIRE LAKE • GOVERNMENT HILL • MULDOON
Representative_Nancy_Dahlstrom@legis.state.ak.us

May 15, 2003

Senator Cowdery Chair
Senate Transportation Committee
State Capitol
Juneau, AK 99801-1082

Re: Scheduling/HB 251

Dear Senators:John

As you may be aware, HB 251, "An Act relating to exemption of certain foreign pleasure craft from the mandatory pilotage requirement and to civil fines imposed on the owner or operator of a pleasure craft or foreign registry; and providing for an effective date" passed on the House floor last night. Because of the short time frame before adjournment, I would like to request a committee hearing as soon as possible for this priority legislation.

Thank you for your timely consideration of this request. Please contact my staff person, Rex Shattuck, at 465-3783, if you need further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Dahlstrom".

Representative Nancy Dahlstrom