

AGENDA

**Port Freeport
Pilot Commission
Special Meeting
Thursday, October 24, 2024, 12:15 pm - 12:45 pm
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Pilot Commission, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference. The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/81235662832?pwd=OEgb7ELyAGD1kECYhBQNHKixhb6L4n.1>

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1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Roll Call.
3. Public Comment. (Public comment on any matter not on this Agenda will be limited to 5 minutes per participant and can be completed in person or by videoconference)
4. Public Testimony. (Public testimony on any item on this Agenda will be limited to 5 minutes per agenda item to be addressed per participant and can be completed in person or by videoconference. The participant shall identify in advance the specific agenda item or items to be addressed)
5. Approval of minutes from the Special Meeting held July 9, 2024.
6. Receive update from the Channel User Advisory Group.
7. Receive update from the Brazos Pilots Association.
8. Adjourn.

The Pilot Commission does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Pilot Commission may go into a closed session as permitted by law regarding any item on the agenda.

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.



Phyllis Saathoff, Executive Director, CEO
PORT FREEPORT

Participation is welcomed without regard to race, color, religion, sex, age, national origin, disability or family status. In accordance with Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act, persons with disabilities needing reasonable accommodations to participate in this proceeding, or those requiring language assistance (free of charge) should contact the Executive Assistant no later than forty-eight (48) hours prior to the meeting, at (979) 233-2667, ext. 4326, email: bevers@portfreeport.com.

La participación es bienvenida sin distinción de raza, color, religión, sexo, edad, origen nacional, discapacidad o situación familiar. De acuerdo con el Título II de la Ley de Estadounidenses con Discapacidades y la Sección 504 de la Ley de Rehabilitación, las personas con discapacidades que necesiten adaptaciones razonables para participar en este procedimiento, o aquellas que requieran asistencia lingüística (sin cargo), deben comunicarse con el Asistente Ejecutivo a más tardar cuarenta -ocho (48) horas antes de la reunión, al (979) 233-2667, ext. 4326, correo electrónico: bevers@portfreeport.com.

Minutes of Pilot Commission
Port Freeport
July 9, 2024

A Special Meeting of the Pilot Commission of Port Freeport was held July 9, 2024, beginning at 3:05 PM at the Port Freeport Administration Building, 1100 Cherry Street, Freeport, Texas.

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

Join Zoom Meeting

<https://us02web.zoom.us/j/86969232791?pwd=883SDYLjHlMp58kl8ys5vcNytu4GKI.1>

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Commissioners present in person:

Mr. Ravi Singhania, Commissioner
Mr. Rob Giesecke, Vice Chairman
Ms. Barbara Fratila, Secretary/Treasurer
Mr. Rudy Santos, Commissioner
Mr. Dan Croft, Commissioner
Mr. Kim Kincannon, Commissioner

Staff Members present:

Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Chief Financial Officer
Mr. Brandon Robertson, Director of Information Technology
Mr. Jesse Hibbetts, Director of Operations
Ms. Missy Bevers, Executive Assistant

Also, present:

Capt. Ross Coviello, Brazos Pilots Association
Capt. Sean Kelly, Brazos Pilots Association
Capt. Matthew Krohn, Brazos Pilots Association
Mr. Keith Letourneau, Blank Rome
Mr. Randy Moore, Moore Law Firm
Mr. James Nash, WGMA
Ms. Heather Cook, Randle Law Firm
Mr. Chad Janosky, Bay-Houston Towing

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

At this time, Commissioner Singhania commended Port staff and the Pilots in preparing for the hurricane noting the Corps has additional surveying of the channel to perform but clearance from the Coast Guard is forthcoming for the Port to receive ships less than 36' draft.

2. Roll Call.

Commissioner Singhania noted that all Commissioners were present in the Board Room.

3. Public Comment.

There were no comments from the public.

4. Public Testimony.

There was no testimony from the public.

5. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

A. Under authority of Section 551.071 (Consultation with Attorney):

1. Consultation with attorney regarding legal matters related to Brazos Pilots Association request for adjustment to pilot tariff dated May 31, 2024.

6. RECONVENE OPEN SESSION to review and consider the following:

7. Counsel to review the responsibilities of the Pilot Commission in the rate setting process according to Chapter 68 of the Transportation Code.

Mr. Letourneau with Blank Rome noted that Section 68.065(a) under the Texas Transportation Code states the following: *If an objection to an application for a rate change is not received by any commissioner within the period provided by Section 68.064(a), the board shall act on the application without further proceedings.*

He further noted the Port Freeport Pilot and Pilotage Rules and Procedures in Section 7.A.6. also provides the following...

If no objection is filed, the Pilot Board will act on the rate change request at the next scheduled meeting of the Pilot Board and file a copy of its order with the County Clerk forty (40) days after the original rate-change request. The Pilot Board Commissioners shall individually vote for or against such rate-increase application in their discretion, acting in the public interest and taking into account the factors set forth in Section 68.067 of the Act.

He then read the following considerations from Section 68.067 of the Texas Transportation Code the Pilot Commission should consider when acting on the request...

- (1) *characteristics of vessels to be piloted;*
- (2) *costs to pilots to provide the required pilot services;*
- (3) *the effect, including economic factors affecting the shipping industry in the area, that the granting, refusal, or modification of the application would have on Brazoria County ports and the persons residing in the board's jurisdiction;*
- (4) *an adequate and reasonable compensation for the pilots and a fair return on the equipment and vessels that the pilots employ in connection with pilot duties;*
- (5) *the relationship between the pilotage rates in Brazoria County ports and the rates applicable in other ports of this state;*
- (6) *the average number of hours spent by a pilot performing:*
 - (A) *pilot services on board vessels; and*
 - (B) *all pilot services; and*

(7) the average wages of masters of United States flag vessels that navigate in the board's jurisdiction and for which the pilotage rate is to be established.

8. Discuss and consider acting on the application submitted by the Brazos Pilots Association for rate adjustment to pilot tariff dated May 31, 2024 pursuant to Chapter 68 of the Texas Transportation Code.

Commissioner Singhania repeated the seven factors previously stated by Mr. Letourneau, as set forth in the Transportation Code and asked Capt. Coviello with the Brazos Pilots Association to address them. Capt. Coviello stated the factors were included with the rate application that was previously submitted to the Pilot Commission. Additionally, he gave a presentation at the June 13, 2024 special meeting of the Pilot Commission that reviewed all the factors as well. Commissioner Singhania asked staff to pull the presentation previously given June 13 for Capt. Coviello to present again. Capt. Coviello began the presentation by stating the economic implications that have taken place since the last rate adjustment (October 1, 2020). These included a worldwide pandemic, record inflation, rising material and labor costs, war in Europe, Panama Canal transits, major terminal outages and most recently Hurricane Beryl. Capt. Coviello stated the pilots are preparing for an increased pilotage area of operation with the deepening and widening of the channel project. The new sea buoy location will be pushed out an additional 4 miles from where it's located now. The transit time of the vessel will not increase; however, the pilot onboard time will as they take pilots out to the new sea buoy. Additional ATONs (aids to navigation) will be required to mark the new channel and as the area of operation increases, there will be a requirement to run multiple pilot boats and crews to service the channel. The presentation included a graphic that shows the current sea buoy, the new sea buoy and where the anchorage area is located. Capt. Coviello then talked about how the Port infrastructure and the Pilot infrastructure need to run parallel to each other and first highlighted the newest infrastructure for the Port which includes the following...

- Freeport Channel Deepening and Widening Project
- New Dock Facilities and Fendering Brazos Harbor 7 & 8
- Road and Access Improvements
- Inshore Logistics Enhancements
- 2 New Container Gantry Cranes

The Pilot infrastructure needs to support the growth and enhance the service with the following...

- Boat Slip Dredging
- New Boathouse/Maintenance Facility – Completed.
- Increase Fuel Storage Capability
- 2 CAT C-18 Engines
- Pilot Sleeping Quarters
- New Pilot Boat

Capt. Coviello shared graphics/drawings of prospective boats the Pilots are looking at which include the Breaux 72'x19.5' and the Snow 70'x20'. Lastly, Capt. Coviello stated the Pilots engaged with industry to help them understand the Pilots' needs, the service they provide, and the resources needed to support the growing channel. The Pilots received letters of support from the following community stakeholders who are in support of the Pilots rate request, Freeport LNG, Phillips 66, Dow, MEGlobal and Yara.

At this time, Commissioner Croft addressed the seven considerations one by one having Capt. Coviello respond to each...

The average wages of masters of United States flag vessels that navigate in the board's jurisdiction and for which the pilotage rate is to be established.

Capt. Coviello stated there are not that many U.S. flagged deep sea vessels that call on Port Freeport, they don't navigate in the port's jurisdiction. U.S. flagged vessel masters are compensated differently than pilots as they earn a salary. The occupations of a U.S. flagged vessel master and pilot is very different. A vessel master has more of an office type role on board the vessel managing a crew of twenty. Pilots manages the same size scope of employees; however, their roles have a more physical risk when boarding and disembarking vessels noting the Commission at the last rate request understood there wasn't a parallel between them and they did not have very many U.S. flagged vessels navigating the Port's jurisdiction, and he agrees that is still the case. Commissioner Croft followed up stating that while he appreciates the answer, the intent was to serve as a basis to see where rates have fallen with the category and is one of the bases called for in the regulation, just as comparison. Capt. Coviello stated the U.S. flagged masters are on a salary and know what they are going to be compensated. With the Freeport LNG explosion and Hurricane Beryl, the pilots are sitting down at the end of the month writing checks for employees and making sure the company stays solvent whereas a U.S. flagged master is not responsible for that. Capt. Coviello cannot say how they compare to U.S. flagged masters because some months, they make zero. He noted the consultant for Masters, Mates and Pilots denoted the pay scale for a master mariner in 2018 was \$325,000 (base salary). This does not include medical benefits which is paid by the company or the retirement package which is paid for by the union and shipping company. All included the average for a U.S. Pilot in 2018 was \$580,000.

The average number of hours spent by a pilot performing:

(A) pilot services on board vessels; and (B) all pilot services

Capt. Coviello stated in 2023, there were six branch pilots with an average workday of 10 hours which include meetings with industry engagement and elected officials as well as other duties to running the business. The 10-hour workday includes piloting vessels, call out times, pilot boat transportation with 3,121 pilot jobs performed in 2023. The average job time was just under 2 hours with 3-6 vessel movements per day/per pilot. The average callout time is an hour and a half (pilot is at the sea buoy to board vessel or for sailing), the average pilot boat transportation time to get to the sea buoy is 30-40 minutes and each pilot averages about 150 hours annually (all pilot services) in meetings outside of piloting vessels.

The relationship between the pilotage rates in Brazoria County ports and the rates applicable in other ports of this state

Commissioner Croft noted he had previously discussed with Capt. Coviello that the Port is not very competitive when bringing in new pilots. Capt. Coviello stated that in the application, it shows a unit and draft rate comparisons from other ports. With regard to bringing in other pilots, Capt. Coviello stated he wants to have the best candidates when it comes to looking for future pilots, someone who is capable physically, mentally, intellectually and has leadership skills required under the bridge of the ships. The Pilots want to have the highest quality of candidates in the pool. These types of candidates will assess the financial health and future of the pilot organization when they apply and feels the Pilots are on the cusp of having the best candidate pool. The rate request, the channel improvements and growth in the port will go a long way in attracting those candidates.

Adequate and reasonable compensation for the pilots and a fair return on the equipment and vessels that the pilots employ in connection with pilot duties

With regard to fair and reasonable compensation, Capt. Coviello responded that he looks at the rate request as their fee is for service, making sure the organization is sound. Compensation varies depending on how many ships come in. If zero ships come in, compensation is in the negative, if more ships come in, the compensation is better, adding he can't give an exact as it fluctuates heavily based on factors outside their control (storms, terminal outages). The Pilots employ specialized pilot boats to put personnel onboard vessels (to/from) and are essential to running a proper pilotage business. He added the vessels aren't sold or transferred on the market very often and are considered workhorses for a very long time. Freeport Pilot 1 is 24 years old and the pilot boat prior to that was donated to Texas A&M Galveston.

The effect, including economic factors affecting the shipping industry in the area, that the granting, refusal, or modification of the application would have on Brazoria County ports and the persons residing in the board's jurisdiction

Capt. Coviello stated that leading up to this process, the Pilots engaged extensively with industry, individually and through their trade association that operates within the port and throughout all the users. The multi-national maritime companies understood that the rate request and supporting the board's jurisdiction was important to make sure the pilot's crew can continue to bring vessels in/out safely and efficiently. The economic factors are very much in line with what the rate request is asking for. The Pilots are now trying to solve the local piece in making sure financial resources are adequate to support the shipping companies that come in while protecting the waterway and local assets.

Costs to pilots to provide the required pilot services

Capt. Coviello stated that he would refer the Commission to the financial report submitted for 2023 that shows the income and expenses in depth where exact dollar figures are shown when it comes to revenue and expenses to operate the pilot business, adding this report was part of the application in a request for information.

The characteristics of vessels to be piloted

Capt. Coviello stated this was also included in the request for information adding that Port Freeport is very diversified in the types of vessels that are brought in with everything (except cruise vessels) coming in. All classes, all products. He referred to the diversity shown in an aerial photo on display showing two Freeport LNG vessels (approaching 1,000 feet in length), two chemical tankers (average 500-600 ft in length), small chemical tanker (320 ft), crude oil tanker, RoRo carrier, LPG propane ships, container vessel and a rock ship.

Commissioner Giesecke commented on the work put into the application by the Pilots and the outreach made to the consignees adding that having a meeting rather than a hearing speaks well to the communication made. He noted the request is a big increase, 30% over two years (part being catch up). He acknowledged separation of the fuel surcharge which is a component of the inflation rate adding that moving forward the pilots will just be assessing the fuel charge (whatever it is) and will need to take a look at it in the future and how it relates in with the CPI adjustment. With regard to adequate and reasonable compensation for the pilots, he asked how they compare to other pilots at other ports. Capt. Coviello stated that even if the rate request is granted, they are still on the lower side. He doesn't have a range; he can only look at other rate structures and know its significantly more than this area. He added that while the increase is in part to catch up, the pilots are also trying to incorporate servicing for what's to come in the future. Commissioner Giesecke referred to the pilots as a monopoly with the Pilot Commission being the regulators of the monopoly. Capt. Coviello responded by noting the pilot's safety

record (fantastic) adding that the system by design is structured that to get a federal pilot license, an applicant may only require 15 transits, sign off, take and draw the chart. For a state pilot license, the structure is more extensive with muscle memory, seeing a lot of emergency conditions and a lot of factors impacting the transits so while it may fall under a monopoly structure, its designed in that matter to ensure the safety of the waterway, safety of life, property and environment. The pilots are making sure their resources match the mission in safety and efficiency. Commissioner Giesecke responded stating that when he says monopoly, it's not a negative comment, it's the recognition of what the pilots are; partly an artificial monopoly that the governor has exclusive rights to name you as a pilot. Part of it is a natural monopoly. The pilots are the ones that know the channel. Even if the pilots didn't have the state license there wouldn't be another pilot association who would come and set up shop and compete. He went on to say that monopolies are not a bad thing, but from an economic sense of having good market competition, they're not ideal but they're the reality adding that it's the role the Commission has and the fact that no one is squawking about the rate increase shows the pilots have done a good job.

Ms. Saathoff commented on a conversation she had with Capt. Coviello regarding rates from different channels and ports and what pilots do at each may be very different asking Capt. Coviello to talk about the additional risk associated with the number of boardings that occur with pilots at Port Freeport. Capt. Coviello stated that as part of the application is the rate comparison from port to port which includes, Freeport, Houston, Galveston, Texas City and Corpus Christi, when it talks about the position of piloting, the comparisons are important however there are longer channels and shorter channels with Freeport taking pride in being a short transit however when it comes to shorter transits for pilot groups, any competent skilled mariner would say the most dangerous part of the job when it comes to the piloting profession, is boarding and disembarking vessels. Because of the geographic nature of the channel, the Freeport pilots are doing this task 4-6, sometimes 7 times a day in all types of sea and weather conditions vs. Houston who does it once or twice a day with a longer transit. Docking and undocking a vessel alongside sensitive facilities is also dangerous whereas the pilots in Houston or Texas City are doing it twice a day, Port Freeport pilots handle vessels 5-7 times a day, per pilot. While the comparisons are important, the Freeport pilots are doing the most dangerous parts of the job more often.

With regard to the financials, Commissioner Fratila inquired about the equity portion in the report, payroll expenses, pilot expenses and the pilot boat loan. Capt. Coviello explained that when a pilot starts with the organization, he buys in a share of the business, the equity is the pilots share/buy-in. The amount varies based on factors of the financial well-being of the organization at the time a pilot comes into the organization. Payroll expenses is what is paid to the sixteen staff members and pilotage expenses/fees and line item fees are charged to the vessels. He also explained there is a loan on one pilot boat. The Commission granted a pilot transportation charge that is working to pay off the boat. The total left to pay is approximately \$500,000. Once the loan is paid off, the Pilots will accumulate funds to purchase a new pilot boat. Commissioner Fratila also inquired about the line item for consulting agreements. Capt. Coviello stated the organization utilizes professional services and different consulting agreements noting there are some items included that pre-date him from other pilots who served the organization. Commissioner Fratila commented that she doesn't think of the Pilots as a monopoly, rather a dedicated group of experts for one particular channel. She understands that 55 miles up a channel is a whole lot different than coming to Port Freeport and boarding more vessels, adding that the pilots are appreciated for their work.

Commissioner Santos asked Capt. Coviello to speak on the responsibility and worth of the industry and the cargo the pilots bring in. Capt. Coviello gave an example for one day Capt. Krohn's 15-day watch stating that in one day he is responsible for 100s of lives directly onboard the vessels, and approximately 1,000 lives indirectly and includes the environmental impact of a catastrophe on the channel. The vessels at the Freeport LNG terminal take approximately \$225 million to build and carry approximately \$100 million of cargo is just one transit for Capt. Krohn during the day. He could be involved in 4-5 other transits with values approaching similar numbers. Capt. Coviello added that the pilots want to make sure they have very capable individuals doing a great job and believes their record reflects that. Commissioner Santos followed up stating that the Commission appreciates everything the pilots do in creating a world class port.

Commissioner Singhania summarized this section by suggesting that at the next Pilot board meeting they discuss modifying the procedures to add that during the rate request, these items are spelled out as required by the Transportation Code.

With no further questions or comments from Commissioners, Commissioner Singhania then read the remaining portion of the agenda item....

The Pilot Board Commissioners shall individually vote for or against such rate-increase application in their discretion, acting in the public interest and taking into account the factors set forth in Section 68.067 of the Act. The application for pilotage rate increase relates to the following items as more particularly described in the application attached to this agenda:

- A. Expand tariff units table and charges to 2450 units to include larger vessels anticipated to be utilizing the Freeport Harbor Channel;
- B. Increase all Units Charges, Draft Charges, Detention Charges, Holding Charges, Cancellation Charges, and Minimum Charge by 15% for 2025 and by 12.5% for 2026 to cover increased inflation costs of employees and growing the pilot ranks;
- C. Simplify Draft Charge to a single fixed rate for vessels with drafts of 42 feet or greater to be in effect at the completion of the Freeport Harbor Channel Deepening and Widening Project;
- D. Institute a Fuel & Lube Surcharge per movement that will 1) be calculated at the beginning of each month and be based on the previous months total cost of fuel & lube and then divided by the prior months total movements and 2) be held in a separate checking account established to hold and track Fuel & Lube Surcharges;
- E. Modify "Pilot Transport Surcharge" to be "Per Pilot" instead of "Per Movement," to offset rising inflation costs & interest rates for new Pilot Boat, approve the request to accumulate funds for a new pilot boat, and approve an increase of the principal purchase value of the new pilot boat to \$8 million;
- F. Increase "Training & Education Charge" by \$12.50 per movement to \$22.50 + (Units x .03) and in year two increase the charge by 12.5%;
- G. Increase Communications/Dispatch Charge by \$10.00 per movement;
- H. Amend Arrival Cancellation Charge for arrivals at the time of order to include the following tariff line item fees: Pilot Transport Charge, Communication Charge, Fuel & Lube Surcharge;

I. Modify Holding Charge to include "Per hour or a fraction thereof after 45 minutes; and

J. Add Communication Charge, Education Charge, Pilot Transport, and Fuel & Lube Surcharge to Shifts.

Commissioner Singhania then asked Ms. Saathoff to give a brief summary of staff's analysis of the rate request. Ms. Saathoff began by pointing out that when going through a rate setting process, staff looks forward and does a forecast which typically envisions everything having a general trend line; however, the past four years has shown things don't always go as planned. No one anticipates having a pandemic that affects ship traffic, high inflation areas nor do you experience a local partner having incident that puts them out of service for a period time. When talking about pilot compensation, paying employees and how they managed to keep everything consistent, first-class and safe, the pilots have done that even with their revenues fluctuating up and down in response to things beyond their control. The overall vessel forecast is a little lighter than anticipated but staff feels the Port is in a good position and with everything back online, numbers moving forward should be positive. Ms. Saathoff again pointed out that moving forward, there may be unforeseen circumstances that may bring new business to the Port or circumstances that may take away or interrupt business. In looking at the rate request, staff looked at the vessels that called during the month of April and took the average units and drafts based on vessel characteristics and number of pilots required for the type of vessel and looked at a forecast for what staff thinks will happen in a calendar year. Based on what we know today, we will hit just under 1200 mark. Staff estimated the pilot's total revenue will be about \$9.5 million which is on track with what was previously forecasted. Taking the same vessel traffic number and applying the year one rates to it, it would go from \$9.5 million to about \$11.2 million, a 17.7% increase overall. When adding year two rates, it goes to about \$12.5 million which brings the overall increase to 30.7%, assuming no change in number of vessels. Additionally, Ms. Saathoff asked Mr. Lowe to look at the CPI change in the same period. Ms. Saathoff noted that this accounted for Del Monte starting up and operating for half the calendar year. Looking forward, with Del Monte for a full year and working on additional business, opportunity to pick up additional RoRo business, other new container business, moving 1300 vessels a year at current rates it would \$10.5 million. Applying the first year rates, it goes to \$12.3 million and with year two rates, the overall increase is about \$1.2 million higher. Documents were provided by the Pilots that show the overall impact the increase would have to specific vessels while Ms. Saathoff provided a cumulative look. She pointed out the increase in cost to procure items that comes with the overall inflation that everyone has experienced and the reason the pilots have asked for an increase in the loan amount for the new pilot boat. She added that she does not think the request is unreasonable pointing out the pilots did not let anyone go during the unforeseen circumstances and maintained safety by keeping all the deckhands while revenues decreased. She also noted that the way the state has compensation set up, the pilots pay all expenses first and then they are compensated adding any shortfall is made up by the pilots. Mr. Lowe validated the CPI from last rate increase to May was 20% and using the Houston model only, was 19%, and tracked with what was presented.

Commissioner Singhania stated that with the analysis staff has done, there is room, if the numbers are done right, the pilots will catch up on what was done during the pandemic or last year with Freeport LNG adding that next time rate increase is requested this will be in the consideration as well. With no further questions, Commissioner Singhania noted for the record that Commissioners will be voting for all of the requests made in the application. He then asked Mr. Letourneau to review the final order the Commission will be acting on.

Mr. Letourneau read the final order as follows....

FINAL ORDER ON APPLICATION FOR ADJUSTMENT TO PILOTAGE RATES

On the 9th day of July, 2024, came on for consideration before the Board of Pilot Commissioners for the Ports of Brazoria County, Texas the Brazos Pilots Association’s (“Pilot’s”) Application for Adjustment to Pilotage Rates dated May 31, 2024. The Board of Pilot Commissioners (“Pilot Board”), after reviewing the Application for Adjustment and consideration of the factors set forth in Section 68.067 of the Texas Transportation Code renders this Final Order and approves the following requests:

Brazos Pilots Association Request 1

Extend the tariff units table to 2450 unit and adjust unit charge commensurately as shown in the table below. Effective 2025.

	UNITS	UNIT CHARGE
Present unit charge table ends at 2099.	2000-2024	4.46
	2025-2049	4.53
	2050-2074	4.57
	2075-2099	4.67
Proposed additional units table carried out	2100-2124	4.78
	2125-2149	4.9
	2150-2174	5.01
	2175-2199	5.13
	2200-2224	5.26
	2225-2249	5.38
	2250-2274	5.51
	2275-2299	5.64
	2300-2324	5.78
	2325-2349	5.92
	2350-2374	6.06
	2375-2399	6.21
	2400-2424	6.36
2425-2450	6.51	
	2450+	6.66

(This table represents the % increase request in item 2 implemented)

Brazos Pilots Association Request 2

Increase all Units Charges, Draft Charges, Detention Charges, Holding Charges, Cancellation Charges and Minimum Charge by 15% for 2025 and 12.5% for 2026.

Brazos Pilots Association Request 3

Simplify the expanded draft charge to a single fixed rate for vessels with drafts of 42’ or more to be in effect at the completion of the Freeport Harbor Channel Improvement Project as shown below:

Draft less than 42’ = \$41.72

Draft of 42’ or greater =

\$83.45

The minimum draft charge will remain at 25’.

Brazos Pilots Association Request 4

Institute a Fuel & Lube Surcharge (Fuel Fee) to charge each vessel per movement. This charge will be calculated at the beginning of each month and be based on the previous months total cost of fuel & lube and then divided by the prior month's total movements. Establish a separate checking account established to hold and track Fuel & Lube Surcharges. To be effective January 1, 2025.

Brazos Pilots Association Request 5

The Pilot Transport Surcharge (Boat Fee) be modified from "per movement" to "per pilot." The calculation for the Pilot Transportation Surcharge would remain at \$100 + (Units x .1). Once the current loan on "BRAZOS PILOT" is paid in full, the Association requests the ability to accumulate funds in the same dedicated Pilot Boat Fee account (Home Bank xxx968) to provide an appropriate down payment on a new pilot boat and allow a sustainable monthly payment for the loan to construct and purchase the boat. Increase the principal value of the next pilot boat to \$8 million to account for increase in estimated cost.

Brazos Pilots Association Request 6

Increase the Training and Education Charge by \$12.50 for 2025. The current charge is \$10.00 + (Units x .03) and will be modified to \$22.50 + (Units x .03). In 2026 the Training and Education Charge will increase by 12.5% according to Brazos Pilots Association Request 2.

Brazos Pilots Association Request 7

Increase Communications/Dispatch Charge by \$10.00 per movement effective January 1, 2025.

Brazos Pilots Association Request 8

Amend Cancellation Charges for arrivals at the time of order to include the following tariff line item fees: Pilot Transport Charge, Communication Charge, Fuel & Lube Surcharge effective January 1, 2025.

Brazos Pilots Association Request 9

Modify the Holding Charge to include "Per hour or a fraction thereof after 45 minutes" effective January 1, 2025.

Brazos Pilots Association Request 10

Assess the Communication Charge, Pilot Transport Charge, and Fuel & Lube Surcharge on vessels that shift within the port effective January 1, 2025.

IT IS THEREFORE ORDERED the Brazos Pilots Association Request is hereby ADOPTED.

It is intended by the Board of Pilot Commissioners that this order is final as to the Brazos Pilots Association's Application for Adjustment to Pilotage Rates dated May 31, 2024.

It is further intended by the Board of Pilot Commissioners that this order shall also act as a resolution memorializing the action of the Board of Pilot Commissioners as to the Brazos Pilots Association's Application for Adjustment to Pilotage Rates dated May 31, 2024.

Mr. Letourneau noted the order is designed to be signed July 9, 2024 by Ravi K. Singhanian, Chairman and Barbara Fratila, Secretary.

Commissioner Singhanian asked for a motion to approve...

Commissioner Croft made a motion to approve the request of the Brazos Pilots Association as presented, explained and stated. The motion was seconded by Commissioner Giesecke.

Before calling the vote, Ms. Saathoff stated there is an extra word in request #4, noting the word “*established*” needs to be deleted.

Commissioner Singhanian recalled the vote, asking the Commissioners to make a new motion accepting the change.

Commissioner Croft made a motion to accept the presentation of the Brazos Pilot Commission’s rate request as presented with the modification as noted by Phyllis Saathoff. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion by a roll call vote, 6-0.

9. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:16 PM.

Ravi Singhanian, Chairman

Rob Giesecke, Vice Chairman

Barbara Fratila, Secretary/Treasurer

Rudy Santos, Commissioner

Dan Croft, Commissioner

Kim Kincannon, Commissioner