



October 2017
Volume 19, Issue 4

Port N' News

Current Port, Maritime & Transportation
Topics at the Port of Green Bay

Inside This Issue:

Tonnage Update.....pg. 2

Great Lakes Pilot's Fees Threaten Cargo
Volumes.....pg. 3-5

AAPA Communication Award.....pg. 6

Upcoming Events

October 9—Harbor Commission Meeting at 10:30 am at 2561 S. Broadway, Green Bay, WI

November 1—County Board Budget meeting at 9:00 am

November 13—Harbor Commission Meeting at 10:30 am at 2561 S. Broadway, Green Bay, WI

December 11—Harbor Commission Meeting at 10:30 am at 2561 S. Broadway, Green Bay, WI

*Harbor Commission meetings subject to change

Renard Island End-Use

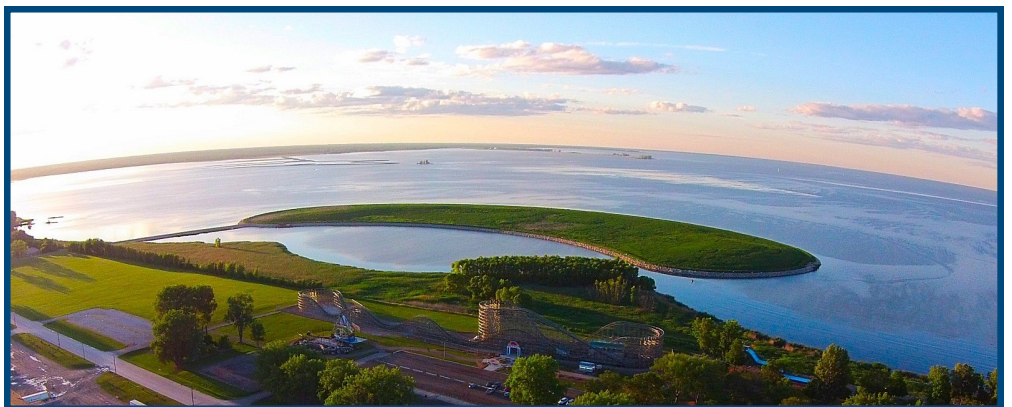
Renard Island is a 55 acre area of land that was constructed on a legislative lakebed granted by the State of Wisconsin to Brown County for disposal of material generated from annual maintenance dredging in the Green Bay Harbor and navigation channel. Renard Island was capped and closed in 2014. In 2017 the Army Corps of Engineers transferred ownership of the causeway and island to Brown County.

The Lakebed Grant stipulates that the island is to be "...used by the County for public slips, basins, docks, wharves, structures, wildlife refuges, recreation and park purposes..."

A Renard Island End-Use committee was formed in May to discuss the feasibility and options for the island. The committee includes representatives of the Brown County Parks and Planning & Land Services Departments, the Port of Green Bay, UW-Green Bay, Wisconsin Department of Natural Resources, McDonald Lumber Co (Green Bay Power & Sail), Green Bay Visitor & Convention Bureau, PMI, City and County elected officials and Harbor Commissioners.

Over a series of meetings, the committee identified a need for professional assistance in developing goals, a vision and a final plan for the island based with input from the community.

The committee is pursuing grant funding assistance with the goal of developing a plan by the end of 2018.



Tonnage Update

September proved to be the busiest month the Port has seen in a few years. The last time the Port received more than 27 vessels in one month was July 2014 when there was 36 vessels. The last time the Port received more than 320,555 tons in one month was June 2015 when there was 325,635 tons.

The busy September has helped the overall tonnage picture for the Port. As of the end of September, nearly 1.3 million tons of material has moved into or out of the Port. September's tonnage has helped close the gap between this year's tonnage and last year's tonnage from a ten percent difference to only a four percent difference.

Port Director Dean Haen says he remains hopeful that the Port can reach last year's mark of 1.8 million tons. "If the strong numbers from September continue into October, we are optimistic that we can reach, or even exceed, last year's level," Haen added.

So far this year, 113 ships have come into and out of the Port of Green Bay, matching the year-to-date total for 2016.

Cargo Highlight: Salt

Terminal operators in the Port of Green Bay have imported an average of 300,000 metric tons of salt in the past five years. Salt is imported by Fox River Terminal, LLC. In the past Georgia Pacific and C. Reiss Coal have imported salt as well. At this point in the year, domestic imported salt is down 70% compared to the same time last year. However, foreign imported salt is up 24% compared to the same time last year.



Salt is used in the Green Bay area as road salt for icy roads, in the process of canning food, and it is also used for papermaking. With so many paper companies in the Fox Valley area and Wisconsin's cold and snowy winters, salt is and should always be a strong commodity.

September Tonnage Comparison YTD		
	2016	2017
Domestic Imports		
Cement	264,238	263,143
Coal	230,964	302,301
Limestone	377,320	315,405
Petroleum Products	84,176	72,072
Salt	66,458	46,177
Total Domestic Imports (-2%)	1,023,157	999,098
Foreign Imports		
Cement	0	6,020
Petroleum Products	17,579	0
Limestone	49,402	0
Salt	150,861	191,068
Total Foreign Imports (-10%)	217,841	197,088
Domestic Exports		
Ash	12,267	15,000
Petroleum Products	30,883	10,973
Project Cargo	49	57
Total Domestic Exports (-40%)	43,198	26,030
Foreign Exports		
Petroleum Products	39,685	50,019
Total Foreign Exports (26%)	39,685	50,019
Total Tonnage (-4%)	1,323,881	1,272,235

Great Lakes Pilot's Fees Threaten Cargo Volumes

by: Joseph Bonney

Shippers, carriers, and US Great Lakes ports are entangled in a complex dispute over rising ship pilotage costs that industry officials warn could send cargo to other coasts and jeopardize the lakes' long-term viability.

"It's had a negative effect," said Steve Fisher, executive director of the American Great Lakes Ports Association (AGLPA). Pilots associations dispute industry claims that pilotage rates are driving away business, and cite increased traffic on the Lakes.

Since 2015, the US Coast Guard has authorized double-digit annual rate increases for pilots who guide international ships through the lakes. The increases, and the Coast Guard's rate-setting methodology, have pitted industry groups against pilots' associations and produced a pileup of unresolved issues.



St. Lawrence Seaway

The Coast Guard last month issued its final 2017 pilotage rates, which originally were due in April but now are set to take effect Oct. 2, less than three months before the Great Lakes' annual winter shutdown. Meanwhile, Great Lakes users expect a ruling soon on their court challenge of 2016 rate levels. Also expected this autumn is the Coast Guard's issuance of its proposed 2018 rates, which could be influenced by the court ruling.

"We've got a real rat's nest of problems. It's never been this confusing," said Stuart Theis, executive director of the United States Great Lakes Shipping Association, which represents shipping agents and is one of the groups that filed the court challenge of the 2016 rates.

The uncertainty clouds what is shaping up as a fairly strong year for Great Lakes shipping. General cargo volume on the lakes and St. Lawrence Seaway, including US-Canada and ocean shipments, rose year over year by more than one-third through August, according to the Ottawa-based Chamber of Marine Commerce.

Pilots' associations say the growth shows that higher rates are not affecting commerce. Industry groups counter that volume likely would be higher with lower pilotage rates, and that higher costs could eventually force shippers to reconsider Great Lakes routings.

"There are certain products that move on the [Great] Lakes that can be moved in other ways," Theis said. "Rates have been creeping up significantly, and at some point the lines will cross. Somebody over in Rotterdam is going to say, 'We could ship this to Baltimore and put it on a truck or train and maybe do it more cheaply.'"

David Gutheil, vice president, maritime and logistics at the Port of Cleveland, said port officials respect pilots' work, but that rising costs are a concern by all Great Lakes shipping interests. "Anytime you add costs, it's a concern, because they come right back down to the shippers in one way or another," he said.

A Martin & Associates study commissioned by the [Coast Guard] projected that a doubling of Great Lakes pilotage costs would reduce annual grain shipments from the lakes by 586,000 tons, or about 29 voyages of vessels carrying 20,000 tons apiece.

Continued pg. 4

Great Lakes Pilot's Fees Threaten Cargo Volumes *cont.*



Furuholmen, foreign flag vessel from Panama



Greta C, foreign flag vessel from the United Kingdom

Because many multipurpose vessels carry grain outbound and steel and other general cargo inbound, this would eliminate a similar number of inbound voyages by general cargo vessels, the Martin study said.

"That's pretty damning," Fisher said. "It's not our study. It's a Coast Guard study. We certainly will use this study in the future to argue that the [Coast Guard] needs to rein in these radical increases in pilotage."

Pilots' associations have disputed the study's findings, and say they have not proposed to double their rates. They told the Coast Guard that the industry's "wolf-crying predictions" have not been borne out by cargo losses.

The Coast Guard also disputes industry claims that high pilotage rates are driving away cargo. "Our data indicates that demand for pilotage services in 2016 was greater than 2015 and that demand for pilotage service through June 2017 is trending around 20 percent higher than the 10-year average for the 2017 shipping season," the Coast Guard said in a notice of its revised rates.

The Coast Guard sets rates annually for the three pilots' associations whose members work on different sections of the Great Lakes. Pilots operating in Canadian waters are regulated by their country's federal government. Elsewhere in the United States, pilotage rates are set at the local or state level instead of by the [Coast Guard].

The Coast Guard said it raised rates and surcharges by a total of 40 percent from 2015 to 2017 after what it said was "many years" of low increases that it claimed provided inadequate revenue for pilots.

Carriers say actual pilotage costs nearly doubled during that three-year period and account for almost one-fifth of the costs of international vessels when they are on the Great Lakes and St. Lawrence Seaway.

The Coast Guard's current rates are set to provide Great Lakes pilots with about \$332,000 in annual pay. Fisher said that is well above the \$270,000 average for captains of US-flag Great Lakes vessels, whose pay has historically been the benchmark for Great Lakes pilots. Pilots say they should be earning closer to the \$450,000-plus of pilots at ports such as New Orleans.

In setting its 2016 fee levels, the Coast Guard also sought to ensure that pilots have 10 days off each month during the nine-month shipping season, and to increase hiring to ensure that new trainees can be ready to replace retiring pilots. In 2016, several companies and industry groups filed suit in the US District Court for the District of Columbia after failing to persuade the Coast Guard to revisit its methodology for regulating Great Lakes pilotage costs.

While the lawsuit was pending, the Coast Guard last spring proposed 2017 rates, using similar methodology to what it used in 2016. Industry groups said the rates were too high. Pilots said the increases merely made up lost ground from previous years.

Great Lakes Pilot's Fees Threaten Cargo Volumes *cont.*

“The increases were more substantial than the industry would have liked, but this is because the rates had previously been set too low and a catch-up was needed,” the pilots’ associations told the Coast Guard. The pilots say that between 2005 and 2015, they were paid a total of \$20 million less than they should have been.

The Coast Guard reconsidered its proposed 2017 increases and slashed them by 30 percent, bringing the rates close to 2016 levels that remain in effect. The main change was a new provision that set higher rates for larger vessels instead of charging all ships the same.

Fisher said that with that change, the Coast Guard acknowledged that the methodology it used in 2016 was faulty. He said having a uniform rate for all ships caused vessel operators to overpay by \$5 million for pilotage services in 2016.

Those rates are still in effect until the 2017 rates finally kick in on Oct. 2, and the amount of overpayment this year is undetermined. Fisher said shipowners cannot recoup previous overpayments because the new rates will not be applied retroactively.

Although the Coast Guard has not unveiled proposed 2018 rates, Fisher said next year’s rates are certain to be higher, because the Coast Guard’s new 2017 schedule allows pilots to increase their total roster to 54 from the current 45.

The Coast Guard said the additional pilots are added “to ensure continued safe, efficient, and reliable pilotage services.”

Fisher shipowners want safe operations but may be willing to accept vessel delays as a tradeoff for lower costs. He said the Coast Guard accepts pilots’ arguments that they should be staffed for peak demand, while shipowners prefer to staff for average demand.

“If there are not enough pilots for certain months of the year, it’s our bad,” Fisher said. “Ships will be sitting, and it will cost us money, but that’s our problem. The point is, shipowners should be making those decisions. The Coast Guard shouldn’t be playing big brother and deciding what’s best for them.

“There’s no safety issue for a delayed vessel,” he said. “It simply sits, and that’s a cost borne by the shipowner, so why is the Coast Guard deciding for everybody how many pilots there will be in the system?”

By: Joseph Bonney, Senior Editor for The Journal of Commerce/JOC.com



Palmerton, foreign flag vessel from Antigua



Sichem Dubai, foreign flag vessel from Malta

AAPA Communication Award

Each year the American Association of Port Authorities (AAPA) sponsors a Communication Awards Program for ports from across the country to compete in. There are three categories based on each port's public relations budget; in Category 1 port's have a budget up to \$200,000, Category 2 \$200,000 to \$600,000 and Category 3 more than \$600,000. The Port of Green Bay falls in Category 1.

The Port of Green Bay submitted entries on the Port of Green Bay Animated Whiteboard Presentation and the 2017 Annual Port Symposium. The Port of Green Bay Animated Whiteboard Presentation (www.portofgreenbay.com/port-overview/) won the 2017 Overall Award of Communications Excellence trophy for Category 1, one of three awards given at this rank. The 2017 Annual Port Symposium won an Award of Distinction.

Staff at the Port of Green Bay are very thrilled about this award and excited about the recognition it will bring to the Port in this national awards program.



Staff from Brown County and the Port of Green Bay's public relations firm holding the Award of Distinction certificate and Overall Award of Communications Excellence trophy. Left to right: Mark Walter, Brown County; Shelby Schraufnagel, Brown County; Noelle Cutler, Leonard & Finco Public Relations; Dean Haen, Brown County.

Check Out Our Website
 www.portofgreenbay.com
 Find us on Twitter @PortofGreenBay
 Check us out on Facebook, search Port of Green Bay

Brown County Port & Resource Recovery Dept.
 Dean Haen, Director
 2561 S. Broadway
 Green Bay, WI 54304
 Phone (920) 492-4950
 Fax (920) 492-4957
 Email: haen_dr@co.brown.wi.us

Port N' News

